

By Mr. GORDON: Petition of the Winton Gas Engine & Manufacturing Co., of Cleveland, Ohio, protesting against passage of House bill 18666, relative to Government ownership of merchant marine; to the Committee on the Merchant Marine and Fisheries.

By Mr. GRAHAM of Pennsylvania: Memorial of Philadelphia Branch, National Association of Civil Service Employees, favoring the passage of the Hamill bill (H. R. 5139); to the Committee on Reform in the Civil Service.

Also, memorial of Good of the Order Association, Fraternal Patriotic Americans, favoring the passage of the immigration bill, H. R. 6060; to the Committee on Immigration and Naturalization.

By Mr. GRIFFIN: Petition of citizens of Brooklyn, N. Y., against Smith-Burnett immigration bill; to the Committee on Immigration and Naturalization.

By Mr. IGOE: Petition of North St. Louis (Mo.) Business Men's Association, favoring 1-cent postage; to the Committee on the Post Office and Post Roads.

By Mr. JACOWAY: Petition protesting against Smith-Burnett immigration bill by Polish National Alliance, Pulaski Branch, No. 178, Little Rock, Ark.; to the Committee on Immigration and Naturalization.

By Mr. KENNEDY of Iowa: Petition of William F. Schmidt, of Farmington; citizens of West Point; and J. A. Reid and others, of Morning Sun, Iowa, favoring House joint resolution 377, to forbid export of arms; to the Committee on Foreign Affairs.

By Mr. LONERGAN: Protest of Klemens Markowski, Southington, Conn., in re Smith-Burnett immigration bill; to the Committee on Immigration and Naturalization.

Also, letter of President C. L. Beach, the Connecticut Agricultural College, Storrs, Conn., in re agricultural appropriation bill; to the Committee on Agriculture.

Also, letters of J. F. Callbreath, secretary the American Mining Congress, Washington, D. C., and William North Rice, superintendent of Geological and Natural History Survey of Connecticut, Middletown, Conn., in re House bill 15869, to establish mining experiment stations; to the Committee on Mines and Mining.

Also, letter of William I. Barber, secretary of Hartford Business Men's Association, Hartford, Conn., in re House joint resolution No. 372, to establish a national safety commission; to the Committee on Rules.

By Mr. McANDREWS: Memorial of Catholic Union of Illinois, First German Baptist Church of Oak Park, German-Irish Central Legislative Committee, and German-Irish Demonstration, all of Illinois, favoring American neutrality; to the Committee on Foreign Affairs.

By Mr. MADDEN: Petition of Illinois Manufacturers' Association, favoring passage of the Root bill (S. 3672) relative to improvement of the Harlem River; to the Committee on Rivers and Harbors.

By Mr. MAHAN: Petition of sundry citizens of Norwich, Conn., and vicinity, favoring the passage of House joint resolution 377, relative to export of munitions of war; to the Committee on Foreign Affairs.

Also, petition of Hartford (Conn.) Business Men's Association, protesting against the passage of House joint resolution 372, relative to appointment of national security commission; to the Committee on Rules.

By Mr. MAPES: Petition of Germania Aid Society, of Grand Rapids, Mich., favoring House joint resolution 377, to forbid export of arms; to the Committee on Foreign Affairs.

By Mr. MOORE: Memorial of Good of the Order Association, Fraternal Patriotic Americans, of Philadelphia, Pa., favoring the passage of the Dillingham-Burnett immigration bill (H. R. 6060); to the Committee on Immigration and Naturalization.

Also, memorial of Pennsylvania Arbitration and Peace Society, urging strict maintenance of neutrality law by the United States; to the Committee on Foreign Affairs.

By Mr. J. I. NOLAN: Petitions of Kullman, Salz & Co., Benicia, Cal., protesting against the Underwood Tariff Act; to the Committee on Ways and Means.

Also, memorial of Chicago Substitute Letter Carriers' Association, favoring the passage of H. R. 11522, providing a minimum wage for Federal civil-service employees; to the Committee on Reform in the Civil Service.

By Mr. PHELAN: Memorial of Polish National Alliance, Group 1114, of Lawrence, and St. Michael's Polish Benefit Society, Branch 630, of West Lynn, Mass., protesting against the literacy test in the immigration bill; to the Committee on Immigration and Naturalization.

By Mr. RAINEY: Petition of Hardin, Ill., citizens, protesting against certain publications through the mails; to the Committee on the Post Office and Post Roads.

Also, memorial of Boardstown, Ill., Knights of Columbus, favoring restoration of order in Mexico; to the Committee on Foreign Affairs.

Also, petition of 300 citizens of Boardstown, Ill., favoring embargo on war materials; to the Committee on Foreign Affairs.

By Mr. REILLY of Connecticut: Petition of Polish Knights of Holy Virgin, of Meriden, and St. Stanislaw, B. Z. N. P., of Meriden, Conn., against Smith-Burnett immigration bill; to the Committee on Immigration and Naturalization.

By Mr. REILLY of Wisconsin: Petitions from residents of the sixth congressional district of Wisconsin, protesting against the exportation of arms and ammunition from this country to any of the warring European nations and asking the passage of legislation preventing such exportation; to the Committee on Foreign Affairs.

Also, letters of sundry citizens of the sixth congressional district of Wisconsin, asking support of House joint resolution 377, or legislation that will prevent the exportation of arms and ammunition from this country to any of the warring European nations; to the Committee on Foreign Affairs.

By Mr. RUBEY: Petition of citizens of Crawford County, Mo., favoring passage of House joint resolution 377; to the Committee on Foreign Affairs.

By Mr. SHREVE: Petition of Board of Commerce of Erie, Pa., favoring Senate bill 3672, to make certain improvements in Harlem River; to the Committee on Rivers and Harbors.

By Mr. STEENERSON: Petition of John Stege and others, of Perham; Peter Frendenberg and others, of Parkers Prairie; J. A. Fridgen and others, of Vining; and citizens of Rothsay, all in the State of Minnesota, favoring House joint resolution 377, to forbid export of arms; to the Committee on Foreign Affairs.

Also, petition of Rev. Joseph Eitel and others, of Perham, Minn., favoring House joint resolution 377, to forbid export of arms; to the Committee on Foreign Affairs.

By Mr. THOMAS: Papers to accompany bill granting pension to Jennie S. Bunch; to the Committee on Invalid Pensions.

By Mr. VOLLMER: Petition of Pueblo German and Austrian widows and orphans, war sufferers, Pueblo, Colo., favoring bill to prohibit the export of war materials; to the Committee on Foreign Affairs.

Also, petitions of 776 American citizens, favoring passage of House joint resolution 377, prohibiting export of war materials; to the Committee on Foreign Affairs.

By Mr. WALLIN: Petition of Polish Society of Schenectady, N. Y., protesting against the Smith-Burnett immigration bill; to the Committee on Immigration and Naturalization.

## SENATE.

TUESDAY, January 19, 1915.

(Legislative day of Friday, January 15, 1915.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. JONES. Mr. President, there are only about half a dozen Senators present. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll and the following Senators answered to their names:

Brady	Gallinger	Overman	Swanson
Brandegge	Gronna	Page	Thomas
Bristow	Hitchcock	Perkins	Thornton
Bryan	Jones	Ransdell	Tillman
Burleigh	Kenyon	Robinson	Townsend
Burton	Kern	Shafroth	Vardaman
Chamberlain	La Follette	Sheppard	Walsh
Clapp	Lane	Simmons	White
Crawford	Lippitt	Smith, Ariz.	Works
Culberson	Martin, Va.	Smith, Mich.	
Cummins	Martine, N. J.	Smoot	
Fletcher	Myers	Stone	

Mr. GRONNA. My colleague [Mr. McCUMBER] is unavoidably absent from the city.

Mr. THORNTON. I was requested to announce the necessary absence of the junior Senator from New York [Mr. O'GORMAN] on account of illness in his family. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Forty-five Senators have answered to the roll call. There is not a quorum present. The Secretary will call the roll of absentees.

The Secretary called the names of the absent Senators, and Mr. CAMDEN, Mr. CLARK of Wyoming, Mr. NORRIS, Mr. ROOT,



Mr. SUTHERLAND, Mr. THOMPSON, and Mr. WILLIAMS answered to their names when called.

Mr. DILLINGHAM, Mr. BORAH, Mr. REED, Mr. POMERENE, and Mr. LEE of Maryland entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty-seven Senators have answered to the roll call. There is a quorum present.

#### EXCISE BOARD OF THE DISTRICT OF COLUMBIA.

The VICE PRESIDENT. Out of order, on the motion of the Senator from New Jersey [Mr. MARTINE], which was agreed to, for the appointment of a committee to examine into the conduct of the excise board of the District of Columbia, the Chair appoints Senators SHEPPARD, JAMES, HITCHCOCK, JONES, and DILLINGHAM.

#### IMPORT DUTIES COLLECTED AT VERA CRUZ.

Mr. CUMMINS. I move to proceed to the consideration of Order of Business 800, Senate resolution 514, which unfortunately went to the calendar the other day instead of being disposed of.

Mr. FLETCHER. I suggest that the unfinished business, the shipping bill, is before the Senate.

The VICE PRESIDENT. The Chair has not a doubt of the right to displace the unfinished business, if the Senate shall desire to do so, by a motion.

Mr. CUMMINS. Mr. President, may I be heard just a moment? I am sure the Senator from Florida will not oppose my motion. This is a resolution asking for certain information from the President of the United States, information that we ought to have at once. It was before the Senate the other morning in the morning hour, and the Senator from Missouri [Mr. STONE] moved that the resolution be referred to the Committee on Foreign Relations. Discussion on that motion carried the question beyond the morning hour, and under the rules of the Senate it took its place upon the calendar; but it is a matter that ought to be determined one way or the other, and determined at once. I have no desire to interfere with the so-called shipping bill. I am sure that we can dispose of this resolution within a very limited time.

Mr. STONE. Mr. President, a parliamentary inquiry. I understand the shipping bill is before the Senate. It was before the Senate when we took a recess, and it is still before the Senate. I should like to know whether a motion is in order to take up any other matter except by displacing the unfinished business.

The VICE PRESIDENT. If this resolution is taken up, it does displace the unfinished business. There never has been a doubt about the right to move to displace the unfinished business by taking up some other business.

Mr. STONE. I think that is correct.

Mr. SMOOT. Is it not a fact that if the resolution were disposed of before the conclusion of the legislative day then the unfinished business would not be displaced, but if it went beyond the legislative day it would be displaced?

The VICE PRESIDENT. Yes.

Mr. BRANDEGEE. The motion clearly is debatable.

Mr. STONE. We have no morning hour, but—

The VICE PRESIDENT. The Chair can not rule that the motion is not debatable. The Chair had to withdraw a ruling made the other day. The Chair believes that the rule is that before 2 o'clock the motion is not debatable, but after 2 o'clock it is debatable.

Mr. CUMMINS. Mr. President, a parliamentary inquiry while I have the floor. We are now, as I understand it, theoretically doing business after 2 o'clock?

The VICE PRESIDENT. Yes.

Mr. CUMMINS. If I remember correctly, the Chair ruled the other day that a motion of this character made after 2 o'clock is debatable?

The VICE PRESIDENT. There is no doubt about that.

Mr. STONE. What is it that the Chair rules?

The VICE PRESIDENT. A motion to proceed to the consideration of any subject upon the calendar after 2 o'clock is debatable.

Mr. STONE. But this is not after 2 o'clock.

The VICE PRESIDENT. Oh, yes; it is after 2 o'clock of the legislative day of Friday the 15th.

Mr. CUMMINS. Mr. President, I do not want to be accused of joining in any effort to unduly delay the disposition of the bill authorizing a shipping board to purchase or build merchant ships. I have no intention of taking up any part of the time of the Senate in laying before it the resolution which I have moved to consider. I only want to remind the Senate lest it shall be forgotten of the character of the resolution.

I have asked in the resolution that the President shall inform the Senate, if it be compatible with the public welfare and interest, concerning certain money collected by the general of the Army while we were in occupation of a part of Mexico, namely, Vera Cruz.

As I am advised, and as was stated the other day by the Senator from Mississippi [Mr. WILLIAMS], and I have no doubt with full knowledge, we undertook to enforce the law of Mexico with regard to the collection of import duties at Vera Cruz, and in the enforcement of that law there came into the hands of the general of the Army a large sum of money. It is currently reported, and since the discussion the other day took place I have been more definitely advised, that the customs duties at Vera Cruz had been pledged by a law of the Republic of Mexico to secure certain obligations which had been issued by some Government of Mexico or some Commonwealth or State in the Republic.

This money is now in the hands, so far as I know, of the general of the Army or the Secretary of War or the United States Treasury. I have asked the President in this resolution to inform us with regard to the amount of money so collected; with regard to the pledges created by the laws of Mexico, if he knows what they are; with regard to the claimants for the money in so far as they have made their claims known to the United States; with regard to the holders of these obligations, if their names are known to the Secretary of War or the President; with regard to any changes that have occurred in the ownership of the obligations since we took possession of Vera Cruz, and finally as to the intention of the executive department of the Government in the disposition of the money; that is to say, whether the President or any subordinate officer of the United States intended to make disposition of the money without the action of Congress.

I asserted the other day—and I think I was right about it—that it is for the Congress of the United States to say what shall become of this money. I do not care to enter into a long argument with regard to the authority over the money. The Senator from Mississippi [Mr. WILLIAMS] claimed that the President of the United States could recognize whomsoever he pleased to recognize as the government of Mexico, and could turn this money over to whomsoever he might believe represented to the Republic of Mexico. I do not think that is the law of the United States. I do not think that is within the constitutional power of the President. I want, if I can, to preserve the country from that blunder or mistake, as the case may be.

Mr. President, the Senator from Missouri [Mr. STONE] moved to refer the resolution to the Committee on Foreign Relations upon the suggestion that there was something in it that might involve our relations with Mexico. To me he is obviously wrong. We have the money, and if it does require congressional authority to dispose of it, then it can not involve our relations with the Republic of Mexico. I do not know what our relations are with that Republic. There seems to be a great deal of confusion upon that point, and I do not intend to take this occasion to give my own views with regard to what our relations should be. But this resolution presents a very plain, clear case of a request for information to which we are entitled. If the President himself believes that it will be unfair to the executive department or inconsistent with the public interest to give the information, he can, within the terms of the request, decline to give it upon that ground. I can not conceive that the President needs for the exercise of his duty in that respect either the advice or the assistance of the Committee on Foreign Relations.

I hope, Mr. President, that the resolution will be taken up. If it once comes before the Senate, I renew my hope that it will be dealt with in the Senate, and without a reference to the committee. Upon the motion to proceed to the consideration of the resolution I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. STONE. I move to lay the motion of the Senator from Iowa on the table.

Mr. SMOOT. Mr. President, I rise to a parliamentary inquiry. After the yeas and nays have been ordered, is it proper for the Senator from Missouri to move to lay the motion to proceed to the consideration of the resolution on the table?

Mr. STONE. The matter is still open to debate, even after the yeas and nays are ordered.

Mr. SMOOT. That is true. After the yeas and nays have been ordered the question is open to debate, but it is not open to a motion to lay on the table.

Mr. STONE. I think it is.

Mr. SMOOT. I should like to have the Chair rule upon that.

The VICE PRESIDENT. The Chair would ask the Senator from Utah if there is any precedent upon the subject?

Mr. SMOOT. Mr. President, I will frankly say that I have not looked into the question.

The VICE PRESIDENT. Rule XXII provides that—

When a question is pending—

Now, this is a pending question—

When a question is pending, no motion shall be received but—

To adjourn.

To adjourn to a day certain, or that when the Senate adjourn it shall be to a day certain.

To take a recess.

To proceed to the consideration of executive business.

To lay on the table.

To postpone indefinitely.

To postpone to a day certain.

To commit.

To amend.

Which several motions shall have precedence as they stand arranged; and the motions relating to adjournment, to take a recess, to proceed to the consideration of executive business, to lay on the table, shall be decided without debate.

The yeas and nays have been ordered, but that does not cut off debate upon the subject, and the roll call had not begun. The Chair recognizes the importance of the question, but does not see why, under the rule, a motion to lay on the table is not in order.

Mr. SMOOT. Just a word, Mr. President.

The VICE PRESIDENT. The Chair will be glad to hear the Senator briefly on the question.

Mr. SMOOT. I recognize that the motion made by the Senator from Iowa [Mr. CUMMINS] was a pending question, but the Senator from Iowa asked for the yeas and nays and they were granted. Therefore that question is not a pending question. I have not any doubt that the statement of the Chair is perfectly correct as to the original motion and before the Senator had asked for the yeas and nays; but after the yeas and nays have been granted I do not believe that it is possible, under the rule, to move to lay that motion on the table.

Mr. CUMMINS. Mr. President, just a moment. I can not bring my mind to agree with the position of the Senator from Utah. I believe that under the rules a motion to lay on the table is in order, and to show that I am not engaged in any effort to postpone or delay the consideration of the shipping bill—I have not enlarged any debate upon the question—I now ask for the yeas and nays upon the motion of the Senator from Missouri to lay my motion on the table.

The VICE PRESIDENT. Is the request for the yeas and nays seconded?

Mr. SMOOT. Mr. President, before that is done I should certainly like to have the Chair rule upon the question.

The VICE PRESIDENT. The Chair has ruled, and would have reversed the ruling if there had been to the mind of the Chair anything in the statement of the Senator from Utah which would have justified him in doing so; but it is well known to every Member of this body that the yeas and nays are very frequently ordered, and that the commencement of the call of the roll does not take place sometimes until 24 hours afterwards.

Mr. SMOOT. I recognize that.

The VICE PRESIDENT. Meantime Senators rise and discuss the pending question. It can not, therefore, be the rule of the Senate that, if the yeas and nays are ordered, all motions which may be made after the ordering of the yeas and nays are out of order. The Chair does not think there is any doubt on that point.

Mr. SWANSON. Mr. President, if the Senator from Utah will permit me, I will say that it is only after the roll call has actually begun that debate can not occur and motions can not intervene. That is not the case when the yeas and nays have merely been ordered. I think an examination of the precedents will disclose the fact that a roll call can not be interrupted for the purpose of debate or to submit a motion, but, as I have said, that does not apply in cases where the yeas and nays have merely been ordered.

The yeas and nays were ordered.

The VICE PRESIDENT. The Chair has ruled. The yeas and nays have been ordered on the motion of the Senator from Missouri [Mr. STONE] to lay on the table the motion of the Senator from Iowa [Mr. CUMMINS] to proceed to the consideration of the resolution indicated by him. The Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. GALLINGER (when his name was called). I have a pair with the junior Senator from New York [Mr. O'GORMAN],

who seems to be absent from the Chamber. Therefore I withhold my vote.

Mr. SUTHERLAND (when his name was called). I have a pair with the Senator from Arkansas [Mr. CLARKE], who seems to be absent. On that account I withhold my vote.

The roll call was concluded.

Mr. WILLIAMS. I transfer my pair with the senior Senator from Pennsylvania [Mr. PENROSE] to the junior Senator from South Carolina [Mr. SMITH] and vote "yea."

Mr. GRONNA. I desire to inquire if the senior Senator from Maine [Mr. JOHNSON] has voted?

The VICE PRESIDENT. The Chair is informed he has not.

Mr. GRONNA. I have a general pair with that Senator, which I transfer to the senior Senator from Kansas [Mr. BRISTOW], and vote "nay."

While I am on my feet I desire to announce that my colleague [Mr. McCUMBER] is unavoidably absent from the city, but he has a pair with the junior Senator from Kentucky [Mr. CAMDEN].

Mr. CULBERSON. I transfer my general pair with the Senator from Delaware [Mr. DU PONT] to the Senator from Indiana [Mr. SHIVELY] and vote "yea."

Mr. SMITH of Georgia (after having voted in the affirmative). I did not observe when I voted that the senior Senator from Massachusetts [Mr. LODGE], with whom I am paired, was out of the Chamber. I transfer my pair with that Senator to the senior Senator from Nevada [Mr. NEWLANDS] and allow my vote to stand. I will ask that this announcement of the transfer of my pair remain for the day.

Mr. WALSH. I desire to announce that the Senator from Delaware [Mr. SAULSBURY] has been called from the city on important official business and will not be present to-day.

Mr. DILLINGHAM (after having voted in the negative). I desire to inquire if the senior Senator from Maryland [Mr. SMITH] has voted?

The VICE PRESIDENT. The Chair is informed he has not.

Mr. DILLINGHAM. I transfer my pair with that Senator to the junior Senator from Iowa [Mr. KENYON] and will allow my vote to stand.

Mr. COLT (after having voted in the negative). I desire to inquire if the Senator from Delaware [Mr. SAULSBURY] has voted?

The VICE PRESIDENT. The Chair is informed that he has not.

Mr. COLT. I transfer my pair with that Senator to the Senator from Massachusetts [Mr. LODGE] and will allow my vote to stand.

Mr. HOLLIS (after having voted in the affirmative). When I voted I thought my pair, the junior Senator from Maine [Mr. BURLEIGH], was in the Chamber. I find that he is not present, and I transfer my pair with that Senator to the senior Senator from Illinois [Mr. LEWIS] and will allow my vote to stand.

Mr. SMITH of Georgia. I wish to announce the continued absence of the junior Senator from South Carolina [Mr. SMITH] on account of sickness in his family.

Mr. KERN. I desire to announce the unavoidable absence of the senior Senator from West Virginia [Mr. CHILTON] on account of sickness in his family. This announcement may stand for the day.

Mr. GALLINGER. I am requested to announce the following pairs:

The Senator from New Mexico [Mr. FALL] with the Senator from West Virginia [Mr. CHILTON];

The Senator from West Virginia [Mr. GOFF] with the Senator from South Carolina [Mr. TILLMAN]; and

The Senator from South Dakota [Mr. CRAWFORD] with the Senator from Tennessee [Mr. LEA].

The result was announced—yeas 36, nays 28, as follows:

#### YEAS—36.

Ashurst	Hughes	Pomerene	Stone
Bankhead	James	Ransdell	Swanson
Bryan	Kern	Reed	Thomas
Chamberlain	Lee, Md.	Robinson	Thompson
Culbertson	Martin, Va.	Shafroth	Thornton
Fletcher	Martine, N. J.	Sheppard	Vardaman
Gore	Myers	Simmons	Walsh
Hardwick	Overman	Smith, Ariz.	White
Hollis	Owen	Smith, Ga.	Williams

#### NAYS—28.

Borah	Cummins	Nelson	Sherman
Brady	Dillingham	Norris	Smoot
Brandegge	Gronna	Oliver	Stephenson
Burton	Jones	Page	Sterling
Catron	La Follette	Perkins	Townsend
Clark, Wyo.	Lippitt	Poindexter	Weeks
Colt	McLean	Root	Works



## NOT VOTING—32.

Bristow	Fall	Lewis	Shields
Burleigh	Gallinger	Lodge	Shively
Camden	Goff	McCumber	Smith, Md.
Chilton	Hitchcock	Newlands	Smith, Mich.
Clapp	Johnson	O'Gorman	Smith, S. C.
Clarke, Ark.	Kenyon	Penrose	Sutherland
Crawford	Lane	Pittman	Tillman
du Pont	Lea, Tenn.	Saulsbury	Warren

So the motion of Mr. CUMMINS was laid on the table.

Mr. BRISTOW subsequently said: Mr. President, I desire to state that the reason why some of us were not here on the vote was because the Committee on the Philippines, of which we are members, has been engaged in working on the Philippines bill, and it was impossible to be with that committee and to be here at the same time.

## THE MERCHANT MARINE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 6856) to authorize the United States, acting through a shipping board, to subscribe to the capital stock of a corporation to be organized under the laws of the United States or of a State thereof or of the District of Columbia, to purchase, construct, equip, maintain, and operate merchant vessels in the foreign trade of the United States, and for other purposes.

Mr. BURTON. Mr. President, yesterday I presented to the Senate certain questions which I regard as especially pertinent to this discussion. They are 14 in number and appear on pages 1863 and 1864 of the Record. I trust that at an early day the advocates of this bill will answer these questions. Several of them, as it seems to me, present insuperable objections to the adoption of this policy.

I was proceeding with these questions in order yesterday and dwelt upon the first four, and also the seventh, the course of my remarks being somewhat interrupted by questions. I repeat the first four already disposed of:

(1) Will it be the policy of the Government to select a special route for such ships? On what route is a line to be established?

(2) If so, what will be the determining factors in selecting the route?

(3) Will the choice be determined with a view to getting any particular American commodity to market? If so, what product and what will be the determining factors in the selection?

(4) What American port or ports will be adopted as the export and import points and what will be the rule for determining the choice?

It is inevitable that under any such plan as this a comparatively trivial portion of the export and import trade of the United States will be provided for by Government ships. What a serious obstacle arises to this plan, indeed an insuperable obstacle, in the fact that it would be impossible to avoid favoritism in the products selected for carriage and in the selection of ports from which the boats may ply.

I come now to the fifth question: Will the desire to build up new trade be the determining factor? If so, how will this be accomplished?

Mr. President, I have been surprised, not to say amazed, by the arguments used by the advocates of this bill in regard to the promotion of trade. They have said: "Trade follows the flag." They have called attention to the fact that in a greater or less degree the owners of ships enter into conferences in regard to rates, sailing schedules, and routes. They have added to this the statement that the control of these steamboat lines is determined by the desire of the foreign owners, corporations or individuals, to reap profits from the shipping trade.

Those arguments have a very familiar sound. They have been used in this Chamber and in the House for 20 years in support of ship subsidies. They have also been used in support of extreme ideas in favor of a protective tariff. If we are to be influenced by these last two arguments—that conferences and combinations occur, and that the dominating feature in the management of foreign shipping is the desire for profit—how can you escape the argument for a high protective tariff in this country?

What is the controlling motive of manufacturers in foreign lands who manufacture products competing with those of our mills and factories? Is it altruism? No; it is the desire to obtain the largest possible share of the American market, which is admittedly the best and broadest in the world. If that is a valid argument why the Government should go into the shipping business, it is also an unanswerable argument why we should build a tariff wall so high that no foreign producer could come over it.

Mr. CUMMINS. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Iowa?

Mr. BURTON. I do.

Mr. CUMMINS. I want the Senator from Ohio to feel entirely free to say to me, if he desires to do so, that he would rather pursue the argument he is now making than to turn aside for a moment to answer the question I desire to put.

Mr. BURTON. I am quite willing to answer questions at this point. There are some portions of the argument on which I should desire not to be interrupted, but at this time I am entirely willing.

Mr. CUMMINS. There is a very interesting feature about this bill, very intimately connected with the point which the Senator from Ohio is now making.

This business is to be done by a private corporation, not by the Government. It is to be done by a corporation organized under the laws of either a State, the District of Columbia, or the United States, but, nevertheless, a private corporation, in which the Government is a stockholder. Now, suppose the Government becomes a stockholder in the corporation that is to engage in trade with foreign countries. We will assume that it is a majority stockholder, because that is provided for. Suppose private capital comes in to take the remainder of the stock. Assume that Kuhn, Loeb & Co. were to subscribe for the \$4,900,000 of the stock which the Government is not required to take. A minority stockholder has rights in a corporation which the majority can not ignore. The only right of a majority stockholder, under the laws of most of the States, is to elect a board of directors; and the board of directors then manage the corporation and must manage the corporation for the equal benefit of all the stockholders.

Suppose that this corporation proposed to enter upon a trade such as the Senator from Ohio has just been considering, plainly unprofitable, but plainly for the benefit of all the people of the country, either in the way of opening up new trade or in the way of reducing rates below the cost of operation in an old established trade. The Senator is arguing the case upon the assumption that the corporation would have the right to do that, would have the right to confer this advantage upon the whole people by doing business at less than cost or without any profit, just as we confer these privileges upon those who produce commodities in this country in competition with producers abroad.

Does the Senator believe that the minority stockholders would permit a corporation so organized to engage in business simply to benefit the people of the country, and which would exhaust and destroy the capital which they had invested in the business? Plainly not. Any court in the land would enjoin the corporation from proceeding in that way, where its avowed purpose was the general benefit of the whole country, and not the profit of the individual stockholder.

Mr. BURTON. I am obliged to the Senator from Iowa for the suggestion. I have regarded that point as of sufficient importance to make it the subject of a separate question, which I believe is the very next in my list, No. 6. I had intended to discuss that subject somewhat fully, but I fear that I can add very little to what the Senator from Iowa has so excellently said.

Of course, it is probable that no individual subscriber would be found for any part of this 49 per cent. If there were any subscriptions from outside, it is quite probable they would be made for the sake of embarrassment. The manifest object of this scheme is so utterly alien to the ordinary purpose for which corporations are formed that no one can be imagined as subscribing for any of the stock from an ordinary business motive. I shall come to that later.

Why, Mr. President, in 1913 we heard the loudest denunciation of combinations ever heard in this country. Men were called "standpatters" and "reactionaries" who stood for the idea that the Government should foster American industry. Our eyes were blindfolded to the plain fact that this is an age of large-scale operations, that practically every foreign country having a leading position in industry and commerce has its combinations. Germany has its cartels. It makes legal and binding selling associations which seek to control the whole of the output of a particular article. By every means in the power of the Government these organizations are aided. Preferential rates are given on the State railroads. Preferential rates are given on privately owned steamship lines. Sales are frequently made abroad at less than the price at home, no doubt at less than the cost of production. We were asked to close our eyes to all this and to enforce in this country the severest rules against combinations. Any corporation which sold abroad for less than at home was visited with criticism and oburgation.

It was from motives of this sort that you passed the Underwood-Simmons Act of 1913, recognizing that foreign profits



would be increased by the opening of our markets to them, and demanding that no combinations should be allowed to exist in the United States. But now, in the year 1915, what a change. Because profits are reaped by foreigners, because they combine in shipping agreements which, if necessary anywhere, are necessary in this business of transportation, the Government must go into the business.

What an abounding versatility and capacity for turning mental somersaults this shows in the party in power! Why did you not make this argument in 1913? Why did you not recognize in that year the fact that business was carried on abroad for the profit of manufacturers and shippers? Why this belated conversion to the idea that we must enter upon this untried experiment, so fraught with danger and probability of disaster, because the foreigner, according to the general rules of business, is determining the course of his shipping by the expectation of profit?

Mr. President, I never have had extreme ideas on the tariff question. I think our domestic policy should undertake to repress monopoly. I think that gradually, decade by decade, we can reform our tariff, working toward lower rates and a limited free list. But if the principles which you are adopting, on which you base your argument for this bill, are to be accepted by the American people, our tariff rates must continue indefinitely at the highest altitude. The whole idea of trade, as advocated by those who favor the removal of restrictions on imports, is that of a division of labor. It is maintained that if another country can bring a certain product to our markets at a lower price than that at which our producers can sell it, they should be allowed to do so; that we should turn our attention to lines of enterprise in which we have a natural advantage. I do not altogether accept that doctrine. There are considerations of national sufficiency and of industrial development which should apply. And I believe, again, that in order to make these theories of free trade practicable in any one country they must be adopted by all countries. We can not open our markets to the products of other nations unless they show the spirit of reciprocity and open the door for our trade.

I trust before we are through those who have proposed this bill, those who are saying they are going to vote for it, those who say they have a sufficient number of Senators to pass it through will explain this inconsistency: Why are you adopting as a guiding principle of legislation in 1915 a doctrine which you indignantly rejected in the year 1913?

One of the chief arguments for this bill is that if we have more ships and establish new routes our trade will be increased. To a limited extent, Mr. President, I admit the truth of that contention, but the course of trade is largely determined by other considerations. In this connection I take the liberty to present again to the Senate some remarks which I made here in January, 1911. These were made when no ship-purchase bill was pending, when these questions were not arising except in an indirect way, so that I think no accusation can be made, as might possibly be the case now, that I was using them for the purpose of defeating an administration measure. They were made at a time when a so-called ship subsidy bill was pending.

I begin to read on page 1174, this being the RECORD of January 20, 1911, four years ago. I take the liberty to read this because I think perhaps it was prepared more carefully than I could prepare it now. In the language of Dean Swift, "How well I could write when I was a young man."

"Mr. President, the fundamental question in this discussion is what conditions determine the course of trade. The argument usually presented in behalf of such measures as this is that trade follows the flag or that trade follows a subsidized merchant marine. On the fallacy of these claims I desire to address myself at some length.

In order to understand this question, it is necessary to examine into the factors which determine commerce. Trade between nations, as between individuals, depends upon the ability to satisfy a want or a desire more cheaply and more efficiently than a competitor can. A nation will be a large buyer if it is possessed of great wealth. There must not only be a demand for commodities to satisfy wants, but this demand must be accompanied by purchasing power.

"Nothing more clearly illustrates the rules governing trade than the contrasted conditions in Great Britain and in the United States. Great Britain is an extremely wealthy country and does not have within its own borders that supply of food and raw materials necessary to meet the demands of its large population and industries. It has, however, great purchasing power, derived from interest on investments abroad, from income on the carrying trade, from insurance, and from commissions on exchanges. Naturally its exports and imports do not

balance each other. But computations very carefully made by Mr. Giffen some years ago and recently by Mr. Paish show that in England the excess of imports over exports was practically offset by the incomes from the sources which I have named—the amount derived from foreign countries for interest on investments abroad, from the carrying trade, from insurance, and from commissions.

"The United States, on the other hand, is notable for what may be called its self-sufficiency. No country on the globe has so large a supply of that which ministers to the wants of its people as our own country. That is due to the great diversification of soil and of climate, to our great expanse of territory, and to the ready means of communication within our own borders, partly by lakes, rivers, and canals, but more especially by reason of a very highly developed railway system.

"In a newly developed country like Argentina, which is perhaps the best example, there are great resources to be developed. Such a country will inevitably import very large quantities of material for its further development. In the era preceding 1890 immense purchases of material for the construction of a great mileage of railways were made from foreign countries. All of these purchases promoted the future development of the country. On the other hand, Argentina furnishes great quantities of food and raw material for export. But the vital point is that trade exists between countries when one is able to supply the wants of the other and when both have resources sufficient to enable them to buy."

This is what I said then, and I say it again now.

"Means of communication follow the conditions which make for trade and not vice versa. If purchasing power is developed in a nation by an increase of resources, that country will seek to buy from others, lines of ships will then be organized in response to the demand, and means of communication readily obtained.

"Now, who will supply the demand? Naturally it will be that country which can furnish the commodities desired most cheaply and most efficiently. If there is a boat line between two trading countries, and still another country can supply the demand of that purchasing country more cheaply, inevitably shipping lines and lines of communication will be established and commerce transferred from the one which furnishes at the greater cost to the one which furnishes at the lesser cost. This is an inevitable law of trade.

"Another feature which affects the South American trade very materially is the question as to whether the products of two countries engaging in trade are competitive or what is called complementary. Is one a manufacturing country and the other an agricultural country? Does one have an adequate supply of the products required by the other? For an illustration, Argentina for the most part supplies articles similar to those produced in our own country. To some extent, though much less, that is true of Brazil. Europe possesses one great advantage in its trade with Argentina (which is the most rapidly developing country of the South American continent), due to the fact that that country furnishes meat, grain, food, and other similar articles required in Europe. Our own country, at least under present conditions, does not need these products, but is itself producing them in competition with Argentina for export to Europe. So inevitably the trade of Argentina develops more naturally with Europe than with the United States.

"This factor in the situation is, in my judgment, often lost sight of. Overlooking the question of competitive supply and ignoring the demand for our products, we take it for granted that trade will develop between our own country and another. It is not unlike the case of two manufacturing cities within our own borders. If they produce the same articles, the amount of traffic between them will not assume large proportions, but if the goods manufactured in the two cities are different there will be very considerable shipments from the one to the other.

"Mr. FLETCHER. Mr. President—

"The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Florida?

"Mr. BURTON. I do.

"Mr. FLETCHER. Speaking with reference to Argentina, Brazil, and the South American countries, I would like to inquire of the Senator if it is possible to develop trade in raw cotton in those countries? We produce some eleven to twelve million bales of cotton and export nearly four-fifths of it. The section to which the Senator is alluding as supplying the products of the soil demanded in Europe I believe does not produce cotton, and there might be a possibility of trade in that article.

"Mr. BURTON. In cotton goods; certainly.

"Mr. FLETCHER. In cotton itself; raw cotton.



"Mr. BURTON. As I understand the Senator from Florida no raw cotton is produced in Argentina.

"Mr. FLETCHER. There is none in South America."

I am not absolutely certain whether that is the case. However, it is not a factor in international trade.

"Mr. BURTON. Nor is there any on the whole of the continent of South America. Then to that extent certainly our country is what may be called complementary in its production, though of course other portions of the world may furnish cotton goods more advantageously and more cheaply than we can. One factor to be considered is the question of the return cargoes. Outgoing boats from South America to Europe or elsewhere carry their food products and naturally return with cotton goods.

"The fallacy that trade follows the flag is readily disproved by statistics and by certain fundamental facts. Trade between countries is influenced by proximity of location, one of the most important factors, by similarity of language, of customs, and of currency, and not by the nationality of a flag or a steamship line.

"As respects the United States the best illustration of that is our trade with Canada. The climate is similar, at least the climate of the northern portion of the United States; their currency is the same, or practically the same, being in dollars rather than in pounds, shillings, and pence; their language is the same; the habits and customs of the people are the same.

"Trade is not a matter of sentiment or of patriotism. It is governed by rules of its own which are of universal application. It is determined by great general principles and by the comparative efficiency of the countries which seek to furnish the articles to each other. It precedes the flag; it does not follow it. There may be a coincidence in cases where the flag of different countries is the same. For instance, in all the colonies of England the English language is spoken, at least by a majority of the merchants and traders. There is also, as a rule, a large infusion from the mother country of immigrants who carry to the colony certain habits and certain preferences for the articles which they have used at home.

"Nationality or race counts potently in determining the country from which a people will derive their supplies. For instance, Brazil purchases a large share of its commodities from Portugal because of the similarity of language and because of the fact that for many years the inhabitants were in close communication with that European Kingdom. Thus not only had the habit been formed of purchasing in Portugal, but the tastes and the customs of the people of Brazil conform in a large degree to those of the country with which they were formerly affiliated."

I may say in this connection it is probable that the communication of Brazil with Portugal diminishes somewhat year by year, and after the lapse of almost exactly four years this statement is less correct than when it was originally made.

"The best illustration of the fact that trade does not follow the flag is to be derived from the trade of Great Britain. Taking the annual average trade for the five-year period from 1855 to 1859, 73.4 per cent of the British export trade was with foreign countries and 26.6 per cent with her own possessions. In the five-year period from 1890 to 1894, inclusive, exactly the same proportion obtained, 73.4 per cent to foreign countries and 26.6 per cent to her colonies, although there had been during this time an enormous increase in the area, population, and wealth of her colonial possessions. But notwithstanding mail steamships"—

I ask especial attention of those who think you are going to build up a traffic with South America by establishing a line of steamers to these facts. The Senator from North Carolina [Mr. SIMMONS] said yesterday he thought one of the first things the Government would do if it had this authority would be to put on a line of fast ships to South America. There are two very fair lines on this route now which have grown up gradually with the trade, the Lambert & Holt and the Lloyd Brasileiro. Let me read:

"But notwithstanding mail steamships and means of communication which girdle the earth, all flying the English flag, in the five-year period from 1904 to 1908 the proportion of her exports to foreign countries had increased to 77.2 per cent and that to her possessions had fallen from 26.6 per cent to 22.8 per cent."

That is, for the five-year period 1890 to 1894 to the five-year period from 1904 to 1908 there had been a decided decline in the exports from Great Britain to her colonies as compared with the exports to other portions of the earth.

"An even more striking illustration of this same fallacy is the trade of the United States with Canada. In the year 1888, 47.1 per cent of the total imports of Canada came from the United States. In the same year Canada bought but 38.3 per cent of

her imports from Great Britain. In 1898 the proportion of imports from the United States into Canada had increased from 47.1 to 60.2 per cent, while those from Great Britain had fallen from 38.3 per cent to 24.8 per cent."

That is, between 1888 and 1898, notwithstanding the steamship lines ran under mail subsidy from Great Britain to Canada, notwithstanding almost every boat that came into Canada flew the British flag, the percentage of imports from Great Britain diminished more than a third while the imports from the United States had increased one-fourth and more, from 47.1 per cent to 60.2 per cent.

Then a different policy was adopted, and let us see how that worked out. Let us see whether the putting on of steamship lines such as you propose to South America or this granting of preferences will build up your trade. Do steamship lines follow trade or does trade follow steamship lines?

"About this time a law was passed in Canada granting preferential rates to imports from Great Britain and, with certain unimportant exceptions, reducing the duties one-third. But notwithstanding this preference of one-third in duty rates in favor of England, the imports from the United States into Canada in the year 1909 were 60.4 per cent of the total, while those from Great Britain fell from 24.8 per cent to 23.7 per cent. It is probable that no object lesson could be cited which more clearly disproves the idea that trade follows the flag than this instance of our relations with the country to the north of us. The following table shows in summary form the progress of our trade with Canada:

*Comparison of imports into Canada from the United States and Great Britain.*

Years.	Total imports for home consumption.	Imports from United States.	Imports from Great Britain.	Per cent from United States.	Per cent from Great Britain.
1888.....	\$102,847,100	\$48,482,000	\$39,299,000	47.1	38.3
1898.....	130,698,006	78,706,000	32,500,000	60.2	24.8
1909.....	298,205,957	180,027,000	70,633,000	60.4	23.7

"If trade follows the flag, the percentage of imports into Canada from Great Britain would naturally increase instead of decreasing, as the table shows. As already stated, the real factors in the situation are proximity of location, similarity in tastes, language, and currency, ready communication across the border, the ability of our manufacturers to make articles to meet the demands in Canada, and the aggressiveness of our merchants in this market."

Mr. President, I made that argument when I was opposing the views of a very large majority of my colleagues on this side, and I certainly feel very free to make it again now in opposition to a bill introduced on the other side as a result of this most remarkable change of front on the part of our Democratic opponents.

I want to read briefly something in regard to recent trade statistics with Canada. Trade with that country is the distinctive feature of our whole foreign trade. For the last year for which I have statistics, that ending June 30, 1913, the exports of the United States to Canada were greater than our exports to Germany. To that country, with less than 10,000,000 people, we sold more merchandise than to all of Germany. Our exports were exceeded only by those of the United Kingdom of Great Britain and Ireland. In 1901 our total exports to Canada amounted to \$105,000,000. The balance of trade in our favor was \$63,000,000.

In 1913—12 years later—our exports had increased from \$97,000,000 to \$397,000,000. You may search far and wide in the history of trade to find anything comparable with that—a gain of \$300,000,000, or a little more than 300 per cent, in 12 years. The excess of exports over imports was \$294,000,000; that is, as against the \$397,000,000 which we sent to them; it is \$415,000,000 when you count in foreign as well as domestic figures. They sent to us \$120,000,000, the excess being \$294,000,000. I think that under the first full year of the tariff law of 1913, taking the calendar year of 1914, this balance of trade was quite materially diminished, and very naturally so.

That shows where our exports go—to a country of similar tastes, having much the same climate, with the same language and currency, and where deliveries of goods can be made quickly; to a country that is developing along lines very similar to our own, for much of Canada to-day is on the same plane with our own great West in the time when there were millions of acres of fertile soil awaiting settlement and cultivation.



The following table shows the value of merchandise imported into and exported from the United States to Canada:

Value of merchandise imported into and exported from the United States, etc.  
TOTAL CANADA.

Year ended June 30—	Exports.			
	Domestic.	Foreign.	Total.	
	Dollars.	Dollars.	Dollars.	
1901.....	97,722,458	8,066,756	105,789,214	
1902.....	101,696,372	7,946,621	109,642,993	
1903.....	114,480,138	8,786,650	123,266,788	
1904.....	122,234,039	9,000,946	131,234,985	
1905.....	131,343,280	9,186,301	140,529,581	
1906.....	146,175,015	10,561,670	156,736,685	
1907.....	171,731,700	11,474,367	183,206,067	
1908.....	157,516,736	9,519,211	167,035,947	
1909.....	153,608,991	9,839,665	163,448,656	
1910.....	202,548,023	13,441,998	215,990,021	
1911.....	256,371,775	13,434,238	269,806,013	
1912.....	314,895,910	14,361,284	329,257,194	
1913.....	397,426,817	18,022,640	415,449,457	

  

Year ended June 30—	Imports.				Excess of exports (+) or imports (—).
	Free.	Dutiable.	Total.	Per cent free.	
	Dollars.	Dollars.	Dollars.		
1901.....	14,063,475	28,418,688	42,482,163	33.10	+ 63,307,051
1902.....	16,069,738	32,006,386	48,076,124	33.43	+ 61,566,869
1903.....	15,991,684	38,789,734	54,781,418	29.19	+ 68,485,370
1904.....	19,237,201	32,315,590	51,552,791	37.32	+ 79,682,194
1905.....	24,747,790	37,721,842	62,469,632	39.62	+ 78,059,949
1906.....	27,023,521	41,214,132	68,237,653	39.61	+ 88,499,032
1907.....	28,908,933	44,425,682	73,334,615	39.42	+109,871,452
1908.....	32,595,874	42,535,792	75,131,666	43.39	+ 91,904,281
1909.....	33,309,672	46,007,383	79,317,055	42.00	+ 84,131,601
1910.....	43,024,372	52,103,938	95,128,310	45.23	+120,861,711
1911.....	46,991,271	53,872,147	100,863,418	46.59	+168,942,595
1912.....	50,214,329	58,599,039	108,813,368	46.15	+220,433,826
1913.....	64,006,573	56,564,607	120,571,180	53.09	+294,878,277

Mr. President, I want to call attention to several distinctive features of our own trade and to follow that—

Mr. LIPPITT. Mr. President, if the Senator will allow me to interrupt him a moment, he has been amplifying instances of cases where our trade follows along the lines of similar tastes. Is it not also true that just the opposite of that takes place very frequently? Is it not also the fact that trade follows along lines of absolutely diverse tastes and products? I have particularly in mind at the minute the extraordinary development which have taken place between this country and the Philippines in the last four or five years.

Mr. BURTON. I will answer the second question of the Senator in the affirmative. As to diverse products, yes; as to diverse tastes, no. Manifestly the case of the Philippines is altogether exceptional. Under the old colonial system of Spain by which the mother country had every advantage, that country was virtually forced to make its purchases from the parent nation; and an unnatural condition grew up, contrary to the general practices and rules of trade. It was entirely artificial. That Spanish dominion was destroyed, and we stepped in and took possession of the islands. Our trade there has increased very materially. I am well aware that that country will be used as an illustration in support of the argument made by the proponents of this bill that trade does follow the flag; but if we analyze the situation carefully, we will find that such is not the case. An old-time dominion was overthrown and a new one established. In the first place, American supplies were sent there in very considerable quantities for our Army and our Navy. In the next place, American capital went there to engage in the construction of public works and public utilities. Our officials were accustomed to the appliances and devices which were in use in the United States, and they took those with them. In the first instance, a line of Army transports was established between the two countries. Taken all in all, it was more like a subject country, where the supplies were brought for official purposes. After making due allowance for all that, there was, of course, a certain promotion of American trade with the Philippines due to the very striking change in conditions resulting from our acquiring possession of them.

Mr. LIPPITT. Mr. President, of course the Senator from Ohio is aware that the great change that occurred in our trade relations with the Philippines followed after the enactment of the Payne-Aldrich tariff bill in 1909. Up to that time our total trade with the Philippines was about \$14,000,000. It has grown from about \$5,000,000, the year after we took over the islands, to

\$14,000,000 in 1909; but since then it has gone up to the very large figure of something over \$51,000,000, which, of course, was due to the establishment of complete reciprocity between this country and those islands.

The reason I ventured to intrude that idea into the argument of the Senator from Ohio was not to in any way interfere with the application which he was making of his statement that trade followed not the steamship lines but the steamship lines followed the trade, but to show that in this very instance it was not due to the fact that there had been any change in our methods of communication, but it was due to the fact that proper legal restrictions and proper methods of trading had been established, which made possible that great increase. The increase also took place because the kind of products which are produced in the Philippines and the kind of products which are produced in this country are entirely the opposites of each other.

Mr. BURTON. I am obliged to the Senator from Rhode Island for calling my attention to one point which for the moment had escaped my memory, namely, the preferential trade arrangement created by the Payne-Aldrich Act of 1909, which no doubt has very greatly increased the volume of trade between the two countries; but I do not believe that even such preferential rates as those can, in the case of a great country, permanently determine the course of trade. Canada is an illustration of that. Her tariff rates are made in favor of Great Britain.

In short, there are other factors which determine the currents of trade which are more potent than the establishment of steamship lines and more influential even than preferential tariffs. Of course, you can make preferential tariffs so severe against one country and so favorable to another that it is practically impossible to trade with any other country than the one enjoying that preference, but it is not probable that in these days any country will resort to devices of that nature.

Mr. LIPPITT. Mr. President, I do not know exactly what the Senator has in mind as to what did cause the change in the trade between this country and the Philippines, but I think the figures bear out the assumption that it was due almost entirely to what may be called a preferential tariff and which we have been in the habit of calling "reciprocal relations." The development of trade, however, between this country and the Philippines had not taken any great start until the establishment of those relations. From that time until to-day the increase in the trade between the two countries has been very great, and it gives every indication of continuing along the lines that have been stimulated by the result of the Payne-Aldrich Tariff Act.

Mr. BURTON. I should seriously doubt whether, as a result of preferential rates, there will be any great preponderance of trade with this country. The Philippines, however, are an exceptional country, quite unlike the great commercial nations of the earth. It is very easy to explain why there should be a marked change in conditions there after our occupancy. The overturning of an old dominion, the establishment of a new government based on more liberal principles, closer association with the United States, the investment of American capital in the islands—all those were contemporaneous with or were followed by the establishment of steamship lines.

Then after 10 or 11 years the preferential tariff arrangement was made, which I concede will occasion a considerable increase in trade, but I do not believe that will be the determining factor. If we continue to enjoy their trade, it will be because we can furnish the articles they want and furnish them under terms that they regard as favorable. We may aid in that trade by tariff arrangements; but, after all, that is not the leading feature of the situation.

Mr. President, the whole subject of our foreign trade becomes involved in this discussion. I think this bill is utterly fallacious, in that it disregards the facts and also the principles which are so clearly in evidence in the establishment of our magnificent export trade. What are the characteristics of the foreign trade of the United States? First and most notable of all is the fact that our exports go to the most advanced nations of the earth—that is, the bulk of them, at any rate.

Much has been said about our trade with South America and about the magnificent possibilities in that continent, which, it is said, surpass the conception and comprehension of even the most optimistic. I believe there is a great field there for us, and I trust the time may come when in a peculiar sense the South American trade will belong to us. But, for reasons that are perfectly apparent, we now rank only third among the nations enjoying commercial relations with the continent to the south of us. Now, why is our trade so largely with the most advanced nations of the earth? In the first place, we possess a



great abundance of raw materials and food products which all the older nations need. Some of them have reached a point where they must rely on sources beyond their borders for a sufficient quantity of even the necessities of life. Great Britain is the best illustration of this. Some extravagant figures have been prepared showing the quantity of food supplies which they derive from abroad and of the starvation which would ensue if they were blockaded and deprived of such imports. They have long been in this position.

Germany was supposed to be another illustration, though, according to the best and most recent estimates, they furnish 85 per cent of their food supply. Then there are other countries, like France and Italy, which in some years import and in other years export wheat and other food products. This is a constant demand, for, first of all, the human race must be fed. Formerly the overwhelming proportion of our exports was made up of foodstuffs and of cotton. But this proportion is decreasing year by year.

Next, we have abundant supplies of raw material. Probably copper is the metal which we have in the greatest abundance, and in the mining of which we enjoy the greatest advantage over all the races of the world. Then, whatever others may say to the contrary, our supply of coal is inexhaustible. We may have to go farther afield for the supply; the centers of industry may shift from their present locations to other parts of the United States; but we can hardly conceive that the human race will exist on this planet to the time when the United States will not have a supply of coal. Then we have divers other metals, such as lead and zinc. The whole world demands these, and we have been exporting them. Then I might also mention iron ore, the supply of which is not so great as that of the other metals, and oil, which constitutes a very large item in our exports.

What is the second feature of our exports? The supply of these raw materials is so abundant that we are able to manufacture their products more cheaply than other nations of the world. So, naturally, the first stage in our export trade is marked by the amount of raw material and food products. Next comes the time when, by reason of these abundant raw materials, such as iron ore and coal, we can manufacture iron and steel. So we are coming to be great exporters of those commodities. Still further there are a large number of products where American ingenuity has been able to devise a better and perhaps a cheaper article than is made in any other country on the globe. As illustrations of these you may take our agricultural implements, our machine tools, and divers manufactures of iron and steel. But all these, except perhaps the agricultural implements, go mostly to nations like England, France, Germany, Holland, and Belgium, with smaller quantities to the less advanced countries of the world. There are some very striking illustrations of this situation.

In the year 1913 our exports to Holland, with only 6,000,000 people, were more than to the whole continent of Asia, with its 600,000,000. That simple illustration speaks volumes. Of course, it should be said that Holland does not consume all the exports we send there. It is largely a trading country, shipping the articles on to other nations. But there is that astonishing fact that our exports to Holland, \$125,000,000 or thereabouts, were more than to Japan, China, India, Siam, Siberia, and all the portions of the Asiatic continent. This proves my statement that we send more to the advanced countries of the world than we do to those that are less progressive.

I might give one or two further illustrations. In 1908 we exported more to Denmark than to all of Africa. Still further, in 1906 we sent more to the United Kingdom than all the nations of the earth sent to South America. So, if every product except that marked "produced in America" had been shut out of South American ports and we had possessed a monopoly of all their trade, nevertheless in 1906 we would have sent less to all of South America than we did to Great Britain and Ireland. Happily that is not the case now. Our South American trade has very largely increased, and I trust will continue to show further gains.

The exportation of raw materials, food, and certain forms of manufactures does not require that minute study of foreign markets, of the tastes and preferences of people, which is required for the development of new markets. That is one reason why we have not entered these South American countries to a larger degree. It is not because of the absence of ships; it is because we do not know and do not try to find out what they want. Furthermore, this is an enormous growing country, and we use a very large share of our production at home. It is the greatest home market in the world, and, indeed, the greatest market in the world.

Of our manufactured products, which amount to \$20,000,000,000 per year, twenty times as great as in 1850, we export only from

2½ to 4 per cent. Of our farming products, exclusive of cotton, we export from 2½ to 6 per cent. The exportation of food products is now diminishing. It reached its maximum proportion about 1880. There were special reasons for the maximum being reached in that year. In the first place, the great West had been touched as by a magic wand. Areas which had been hitherto unsettled were brought under the plow. Towns, cities, railroads ministered to them. We were rapidly reaching not only a maximum of production for our own country, but a position in which we could be the purveyor of the world's wants as regards food. One further reason why our agricultural exports increased was the growth of manufacturing abroad and to bad harvests in foreign countries for several years. In the year 1879 the Archbishop of Canterbury in England directed prayers in the churches because of the bad weather. And in this and succeeding years there was an enormous increase in our food exports to foreign countries. The reason for the decrease since is, in the first place, the growth of manufactures at home. There is a very interesting bit of economic history in relation to Germany in this connection which, in view of its special interest in this time of war, I will briefly state to the Senate.

In the seventies there occurred a discussion, which was a very heated one, in regard to levying tariffs on agricultural products. A very large and influential party favored following the lead of England and relieving food products from all duties. On the other hand, there was the agrarian party, including the farmers and producers, which demanded duties. Between them were the students of the subject, the economists and the publicists, who decided in favor of levying duties on agricultural products and using every possible means to stimulate the home production of food. This policy, then adopted, has brought remarkable results. Lands which seemed a barren waste have been made productive in the highest degree. These were the arguments that they used:

First, that Germany had a sort of insular position, had not then developed a great navy, and in case of war she might be cut off from communication with the outside world, and that so far as possible it was essential that they produce all the necessities of life at home.

The next argument was to this effect: "We are developing in our manufactures, but how do we know but that other countries to which we would ship our products will themselves become manufacturing nations and erect tariff barriers against our products?" In the same line it was argued: "If these other countries more and more give attention to manufacturing, will not the surplus of food, upon the import of which we now rely, be consumed within their own borders?" They used the United States as an illustration, and very pertinently, for in the year 1913 the value of our imports of food, including the products of the tropical countries, was more than our exports.

I do not share the very pessimistic view of many who think the time is coming when we shall be importers of wheat. It may come in the remote future; but as we are now producing about 14 or 15 bushels to the acre, against, say, 25 to 30 in England, France, and Germany, it is evident that we have not exhausted the benefits of improved methods of farming, and that the time is likely to come when, with better cultivation and increase in the use of fertilizer, our wheat crop will be well-nigh doubled from lands already occupied, and there is a further possibility which arises from lands which have not yet been cultivated.

I now wish to pass to this subject: Has there been any deficiency in the supply of shipping? Freight rates have gone up and down, just like any other costs. There have been years when there was an apparent scarcity of ships; but, generally speaking, there has been an abundance.

There is no branch of business which for a larger number of years during the last decade has been in a depressed condition than the shipbuilding industry in the United Kingdom, Germany, and the United States. If the work of the shipyards had been confined to the mere building of merchant and passenger vessels, they would indeed have experienced a season of depression; but they have been kept alive in this country especially by the demand for warships, colliers, and other naval craft. The whole history of our trade with Great Britain, with Germany, and with France shows that there first existed a foreign need of our products, a need which we could supply, and that with that need yet following it transportation was provided.

Would more wheat have been purchased, or more flour, for Great Britain if there had been a Government line? Would more cotton have been purchased for Manchester, or for the spinners of Lancashire, or for those in the valley of the Seine, or in Saxony, if there had been a Government line?



We are driven to the conclusion that the idea which, according to the report, seems to be fundamental in advocacy of this bill, is an entirely fallacious one. Trade does not follow the flag except in a limited degree. The needs of the human race, their demands, the sources from which they are to be supplied, are first developed, and then the means of communication follow.

I do not say that trade could be conducted without the most careful attention to the question of transportation, and I do not overlook the fact that occasionally railways have been built in anticipation of the future; but let us examine that question a minute. In the first place, it has been much more true of railways than of steamship lines. These railways were laid down through countries which had a certain degree of fertility and productive power, so that they could be sure of development. Those who built them did not build on any uncertainty. They knew that there would be a demand for the products of the lands they traversed, that those lands had certain possibilities in the way of production, and that traffic would eventually be developed. Notwithstanding all that, the fact is that most of the railways leading over the prairies in the great West were so far in advance of the demand they became bankrupt before sufficient freight was developed to maintain them.

I have tried to make this point clear. Mr. President, I regret it seems probable this measure will be determined not by arguments here in the Senate Chamber but by influences from outside. It seems to me the arguments which can be marshaled against this bill, and which will be advanced by others who can state them much better than I, afford conclusive proof that this bill is a dangerous measure; that it will be futile, and ought to be defeated.

A great deal has been said about our trade with South America, and I want to take that up more in detail. I include under the term South America, or with it, Central America and the States north of the Isthmus, and Mexico as well, for in a remarkable degree these countries have similarity of history, customs, tradition, and religion, and in a less degree of race.

I give especial attention to this trade because in the message which the President read to the Congress on the second Tuesday in December he seemed to have in mind only our neighbor States of America. The first bill as drawn for the purchase of ships mentioned South America and Central America, and then paid very scant respect to all the rest of the world by adding the simple word "elsewhere." It was manifest then not only from the message of the President but from the form of the bill as first introduced that its prevailing purpose was to furnish ships for trade with South America.

Mr. President, I have already shown the gradual growth of shipping facilities with South America, and that in the last year, both before and after the beginning of the war, there was a large amount of vacant cargo space in practically every boat that sailed out of New York for those ports. In this opinion the joint letter of the Secretary of the Treasury and the Secretary of Commerce concurs. They mention the difficulty in obtaining cargoes. As I said yesterday, a boat that should have sailed the 5th of December in the ordinary course of things did not sail until the 29th.

It is true there are no such passenger lines between New York and Rio and Buenos Ayres as there are between New York and Liverpool and Southampton and cities on the continent of Europe, but that is because the traffic does not warrant it. If you were to put the *Imperator* or the *Vaderland* on a line between New York and South American ports, you would be confronted, in the first place, with the fact that there are no ports in which they could dock; in the next place, there is no traffic which would justify the placing of so large and expensive a boat on that line.

Now, there is the situation. The original object of this bill and the original arguments in support of it, when confronted with the cold facts in the case, fall to the ground. There is no scarcity of shipping over this route. There is no considerable increase in rates.

Oh, but it was said yesterday we will put on an extra line there. The Lampport & Holt Line sent out a boat every week for a while—boats of 12,000 tons; some as good boats as those of the American Line, and as large, which were given American registration in 1890 or 1892. Those boats now are running only at intervals; the need is not there. One of the Lampport & Holt boats came in a few days ago with only 26 passengers when there were good accommodations for perhaps 300, or at least a very large number.

What are you going to do? Are you going to put on a passenger line at the Government expense under such circumstances as that, with good-sized boats scheduled to sail every week, when after an interval of a month without any sailing the first boat comes in with only about a quarter of a hundred pas-

sengers? Is it seriously proposed to ask the taxpayers of America to back so absurd a proposal?

On the average boats are sailing out of New York for Rio and for Buenos Aires and Montevideo every three days. The figures which I gave here yesterday show that down to the end of September they sailed at the rate of 10 each month, I believe; that is, in 9 months there were 96 steamers. I have here the figures, which I will ask to have printed, showing that in the last three months of the year—October, November, and December—23 steamers sailed from New York for Rio, or substantially eight each month, showing very conclusively that it is not lack of boats but lack of freight which confronts us. The one sailing on December 24 had 18,000 cubic feet of empty space, or room for substantially 4,500 tons which she did not carry.

On the west coast the conditions are the same. Possibly at a later time I shall read from a report of a commission with which the Secretary of Commerce was closely associated in which they confirm all these statements that there is no scarcity of ships in that direction.

When the original structure falls down, lo and behold the efforts made to build up another. The bill, which only spoke of all the rest of the world outside of this continent as "elsewhere," is changed so that it is general in its nature and provides for American foreign trade generally.

But before we leave this subject, in view of the arguments in regard to building up South American trade, let us dwell upon that for a time. The American people have not yet taken the pains to study the problem of South America. They have not yet come to appreciate the South American people. It is one of the subjects which should receive our most earnest care in future years.

I would not enthrone increase of trade as the be-all in our relations with these countries. The whole world is seeking new outlets for its products. With these people who are near to us, who naturally have a tie which is not only geographical but political, we should have other relations which should awaken our earnest thought aside from those which pertain to markets.

In the first place, they should be assured—and I trust they are assured by the policy of administration of both parties—that we desire no part of their territory. We gave a splendid object lesson in that regard 16 years ago, when the Senate adopted a provision, as an amendment to a pending bill, to the effect that we expected no part of the territory of Cuba, an amendment which was no mere empty form of words, but which was carried into effect. We went there with our Army and our Navy, and after the sweat and toil and the clash of arms we freed Cuba from Spanish dominion; we sought no territory, but sought only to establish them as a free, self-governing people, to be numbered among the nations of the earth. We have not intervened since then, except for the restoration of order, and that merely for a temporary period. Central and South America should know, and all the world should know, that we are not seeking to enlarge our borders by the annexation of any part of their territory.

But, Mr. President, I think it is desirable for us to go a step further than that and to abstain from interference in their local affairs, except so far as it may be necessary for the protection of our citizens or for the protection of foreigners whom we are under obligations to protect. If we demand that foreign Governments keep their armies and navies away from American shores, impliedly, at least, we assume the duty of safeguarding their citizens and protecting their rights and property ourselves.

I may also say it makes a most painful impression throughout all those southern Republics when the administration at Washington takes the side of one faction or another in their internal affairs. One of two courses we must pursue—either say we will dominate your affairs, we will say who shall be your President, or keep away. Mr. President, I favor the latter policy.

Mr. SUTHERLAND. Mr. President—

The PRESIDING OFFICER (Mr. SIMMONS in the chair). Does the Senator from Ohio yield to the Senator from Utah?

Mr. BURTON. Certainly.

Mr. SUTHERLAND. What the Senator is now saying upon our course with reference to these South American and Central American countries certainly has my sympathy and support. It has been claimed, and I have seen no denial of it, that the Government of the United States for a long time has been maintaining at the capital city of one of the Central American countries a force of United States marines, and that the effect of the maintenance of this body of marines has been to keep in power a certain government, a certain set of officials in that country. If that condition exists, I ask the Senator from Ohio



whether it is not likely that it will bring about a feeling of very great resentment on the part of the people of that country. It seems to me that that would be the natural tendency of it; and as that resentment is brought about, and as it must naturally increase if we proceed with that sort of thing, I ask the Senator whether it is not very likely to interfere with our trade with that country and incidentally with the trade of other countries that will sympathize with this Central American country in that situation?

Mr. BURTON. The Senator is undoubtedly correct. Mr. President, the landing of those marines and their retention was, of course, not opposed by the faction which was aided; but the rest of the people, and that very large class in the country who deplore foreign interference, certainly look with profound disfavor upon anything of this kind. I do not want to say—

Mr. NORRIS. Mr. President—

Mr. BURTON. In just a minute. Let me finish, please. I do not mean to say that circumstances might not arise in which it would be justifiable for the preservation of order, and especially for the protection of foreign interests, to land our marines. I remember a very interesting discussion between the late Senator from Georgia, Senator Bacon, and the Senator from New York [Mr. Roor] on this subject, the Senator from Georgia taking the ground that it was not permissible to land our troops, even in an emergency or for a day, as I recall it, without the direction of Congress. The Senator from New York took the opposite stand, and I think that has been the policy of our Government, that in the time of some serious revolution, where there was likely to be bloodshed and public order destroyed and foreign residents as well as natives liable to suffer, it was justifiable to land marines. But to continue there permanently and virtually maintain a military government by armed intervention is not consistent with our policy, and, besides, is sure to lead to friction and a disruption of our normal relations with the South and Central American countries. I now yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, I should like to ask the Senator if he thinks it is any defense in landing troops, as he has pointed out, that the nation which the troops are sent there to aid give their consent to it? That would always be true, would it not?

Mr. BURTON. It should be for the purpose of maintaining order under circumstances in which the interests of our own citizens or foreigners to whom we owe a certain obligation are involved.

Mr. NORRIS. I understood the Senator, in answer to the Senator from Utah, rather impliedly, at least, to justify the landing of marines on the ground that the faction we were assisting made no objection to their landing.

Mr. BURTON. I do not think so. I said that the faction that was helped would not object. Of course, they would not, because the troops were their stay and support.

Mr. NORRIS. Can the Senator tell us how long we have had marines now in Nicaragua?

Mr. BURTON. I think about three years.

Mr. NORRIS. I understand so. The force is still retained there.

Mr. BURTON. I so understand it.

Mr. NORRIS. Does the Senator have any idea that the Government they are assisting would last any length of time if they were withdrawn?

Mr. BURTON. I could not say in regard to that. It stands to reason, however, that the fact of their retention indicates that it would not.

Mr. NORRIS. Is it not the fact then, in that case at least, that by the landing of our marines and retaining them there we are keeping in power a certain faction in a foreign country?

Mr. BURTON. It so seems to me.

Mr. SUTHERLAND. Not only that, if the Senator will permit me, and in what I am going to say I am not in any manner passing upon the wisdom of the treaty which was involved nor attempting to discuss it; but while we are maintaining in this capital of a Central American country a force of marines, the effect of the presence of which is said to be to keep in power a certain Government, we are undertaking to make a treaty with that very Government which we are maintaining. Irrespective of the question as to whether the treaty is a wise treaty or not, it does not appear to me that it is a seemingly situation for this great Government, with its tremendous power, with its unlimited power in comparison with these small, weak Central American countries, to be maintaining a Government, or to be maintaining a force of marines, which in turn maintains a Government down there, and then treating with that Government as

though it was wholly independent of us. It savors altogether too much of an attempt to make a contract with ourselves.

Mr. BURTON. I fully agree with what the Senator from Utah says. It is similar to making a treaty with a man in prison on the condition that if the treaty is made he will be let out. I do not wish, in saying this, to express any opinion as to the so-called Nicaraguan treaty. I have no doubt it has some very favorable features.

Before the interruption I was stating, Mr. President, that we must pursue one of two courses—either take control, put up or put down Presidents and administrations at will, or, subject always to our duty to our own citizens and to other nations, leave them to themselves.

As I understand it, it is the impression of this administration that the question in Mexico is an agrarian one, or, in broad, general terms, an economic one, namely, that there is an unfortunate division of land; that great proprietors have large tracts, and that the title to those immense holdings has been acquired by methods which would not be approved if thoroughly analyzed. Mr. President, however much we may sympathize with this situation, it is not for us or our administration to say we will put up one side or the other according to the political or economic views they may hold, for the moment any administration take that position they deny that their neighbor nation is a free people. There will never be lacking times when it will be said party A is in the wrong and party B is in the right; that party A is an organization which makes for uplift and party B for retrogression, because that means constant interference; it means domination over them.

Mr. President, if we look over the political map of the world what is the fact? Whatever nation has attained to excellence in free government has gained it after a long course of self-sacrifice. The path of freedom and permanence has been beset by faction, by dispute, by bloodshed, and woe before the final goal of real popular government has been attained. It is not for us to say to Mexico or to Venezuela or to Nicaragua or any other country, "You know not how to govern yourselves; we know better," for that assumption immediately destroys their freedom if it is carried into effect. It stands in the way of their attaining to permanent popular institutions, and is a denial of the very fundamental ideas which we have cherished from the days of Lexington and Concord through all our conflicts down to the present day. Indeed, it goes far back of Lexington and Concord. The sturdy inhabitant of the Colony, with his gun or his sword, was always ready to protect himself and his fellow citizens and to speak for liberty of conscience and of action.

Why should we take sides with one or another? Here is a danger which has come into glaring prominence, as it seems to me, within the last few months. If we take up the cause of one or another, we may choose very unwisely. In aiding in the putting down of one we may lift into power another about whom the question will immediately arise, "Is he really any better than the first?" That is the danger we always run.

I have stated these facts because they are of great importance in all our relations with the countries to the south of us. They are more important than the establishment of steamship lines by the Government of the United States. We should do away with this everlasting superciliousness toward our neighbors to the south and the idea that we of the Anglo-Saxon civilization are better or holier than they.

The circumstances of the settlement of South America were very different from those which pertained to the settlement of the United States. They are clearly pointed out, and I think in as excellent form as anywhere, by Mr. Roosevelt in the first chapter of his book entitled "The Winning of the West." He showed that while the United States of America were being developed the English and other settlers from abroad drove out, practically exterminated, the inhabitants of the soil whom they found. The Spaniards of South America and Central America, the Pizarros, the Balboas, and others who dominated the people, made them their servants, killed some of them, allowed others to live, but did not exclude them from the land which they occupied. As a result, there grew up in South and Central America a composite civilization, in which the Spaniard, the resident of the Iberian Peninsula, lived alongside the original Indian; and upon this foundation the structure of their institutions has been built.

On this subject I want to refer to a very excellent pamphlet by the Peruvian minister, being an address delivered at Worcester, Mass., on November 21, 1913, entitled "Contrast in the Development of Nationality in Anglo-America and Latin America." I wish to refer to this at some length, because while persons are groping round about increasing trade with South America, and some are proposing to put on Government lines



of boats, it is well for us to get at the root of the real difficulty; it is well for us to build up good feeling there, a desideratum which, in the long run, may be far more gratifying to the American people and to the people of South America than the selling of a certain amount of American implements and of other articles, and in the end lead more effectively to trade relations. In this address the author says:

I have chosen as my subject a question that is most important at this time, when there is a growing tendency to know better and to understand the peoples of the Latin-American nations; to get closer to them by establishing bonds of friendship through commercial relations based on mutual respect and confidence, as is evidenced by this conference and by the recent utterances of the President of the United States in his memorable declarations at Mobile.

In order to properly determine the relative positions and conditions of the two great groups of individuals that people this American world north and south of the Rio Grande and the Gulf of Mexico we must first study the contrasts in the development of nationality in these two groups that, for expediency, I shall denominate or class as "Anglo-American" and "Latin-American."

No man can truly appreciate another if he does not know him. No nation can feel friendship toward another if it does not know it. But to know should imply understanding, without which there can be nothing in common, and understanding is essential to draw individuals together, and this is also true of nations.

International relations are necessary. They are cultivated for many reasons, but they do not necessarily mean friendship. Nations, like individuals, live on good terms with their neighbors because it behooves them to do so, but this does not imply that they are friends, that there is any closer relation between them other than one of courteous deference toward each other.

Such neighbors, whether they be individuals or nations, do not know each other, much less do they understand each other. There is, consequently, no true friendship between them; no bond of union.

Therefore, if such people wish to become friendly, they must begin by knowing each other, becoming acquainted through intercourse and thus discover their respective traits and characteristics, so that, in course of time, a sentiment of understanding is born, which, being reciprocal, eventually gives way to friendship, and, in like manner, to amity between nations.

Therefore, as a first essential to the study of the subject matter of these remarks, we must place ourselves in a position to perfectly understand the very peculiar conditions of settlement and growth of Latin America before we can obtain any fair estimate of present-day Latin America.

These conditions were very different to those that have been found in Anglo-America. This is a most important point, and one that should be made clear to all who in this Nation and elsewhere are trying to know and to understand Latin America and its people.

When this point becomes apparent to all, then I shall expect to see another attitude toward our people. I contend that the average Anglo-American does not appreciate us because he invariably wants to measure us by his own standards, regardless of the fact that those standards do not happen to fit our special type of humanity.

Physically we are more or less similar, but in a moral sense each has special traits of character that mark the peculiar idiosyncrasies in each. Therefore if we reverse the process and we Latin Americans measure you Anglo-Americans by our standards, we, likewise, would find you as below par according to our estimate, which proves my premises that, firstly, secondly, and lastly, we have to thoroughly understand each other if there is to be any reciprocal appreciation; and it behooves us to be forbearing, generous, and accepting the other's idiosyncrasies as absolutely exact traits of character born with the individual or developed in him through environment. In order to make this point clear I must ask you to consider two things: First, the relative conditions at the time of the discovery by Christopher Columbus of the territories that constitute what is known to-day as the United States of North America and of those that constitute Latin America; second, the class and type of white men who became the first settlers in either section of the American Continent, on your territory and on ours.

Your territory, at the time of the advent of the white man from Europe, was more or less of a virgin territory, inhabited by savage and semisavage nomadic tribes, thinly scattered all over a very vast area. While our territory was to a very great extent organized into States, in a measure barbaric, but, nevertheless, semicivilized, densely populated, and concentrated in a manner to make for cohesion. Mayas, Aztecs and Toltecs, Caras, Chimus, Incas, Aymaras, and Quichuas, and other tribes less known overran our territory and presented marked contrast with conditions in yours.

As the news of the discovery of the New World invaded the European countries, two types that were to mold the destinies of the wonderlands beyond the seas were brought into play—the one formed of the oppressed and persecuted by religious intolerance, the other of the adventurous soldiers of fortune in quest of gold and adventures.

Both of these started out with set purposes; the oppressed and persecuted came to the New World, to build up new homes, free from all the troubles left behind; while the adventurous came bent on destroying and carrying away everything they could lay their hands on. So here we have the true genesis of the formation of nationality in Anglo and Latin America. In the two great classes, the permanent and the temporary, the one to build up, the other to tear down and destroy. The one came with reverence, the other with defiance; both with an equally set purpose, but the one with humility in his heart, the other proud and overbearing; the one full of tenderness born of his religious zeal, the other cruel and unscrupulous.

Thus we find that Anglo-America was settled by austere men, seeking religious freedom, men who were fleeing from States with laws prejudicial to their beliefs and practices, men dissatisfied with the political conditions in their own countries, who did not wish to go so far as to sever their connection entirely with the fatherland, but who sought in the new colonies ameliorated conditions under their own flag; men who came to build homes in a new land, eager to remain because, full of energy, they saw in the very newness of the land the great opportunities it offered them to build a greater commercial and political future for themselves. Besides these good elements there came, as a matter of course, a few adventurous outlaws, and others attracted to the New Land by the prevalent "wanderlust" of the times—the latter, a decided minority.

Let us now turn to Latin America. To her went the soldiers of fortune, valiant but ignorant, adventurous and daring yet unscrupulous.

They came principally from a country where religious bigotry was rampant. They were an admixture of virtues and vices. They came to conquer, to fight if necessary; their one aim was to better their lot, regardless of by what means or as to the consequences. The companions of Pizarro, Hernando Cortez, De Soto, Almagro, Pedrarias, Vasco Nunez de Balboa, were in marked contrast to the men who came to the shores of New England with the Pilgrim Fathers.

To us came the militarists seeking a field for new exploits, and in their wake came adventurous outlaws seeking gold and riches. Of course, there also came some good men, some who would have been willing to preserve what they found, but these were a minority, and, besides, the existing conditions throughout our territories prevented this. Because while in your territory there were nothing but nomadic, savage and semisavage tribes, without fixed settlements, in our territory the Spaniards came upon organized States, having a certain civilization of their own.

So we have it that in Anglo-America the whites arrived and settled peacefully, acquiring the ownership of the land from the native Indians, either by right of purchase, by peaceful treaty negotiations, or in some instances by forceful occupation, after actual warfare with the aborigines, which ended with the conquest of the land, but not of its inhabitants, who in each case were driven westward.

In Latin America the whites came as a militarily organized force. They overran the countries they discovered, fighting their way from the very outset right into the heart of the unknown territories that they seized, destroying everything, plundering wholesale, and making a display of force and rare indomitable courage so as to cower the astonished natives. In Latin America the white men overthrew the native governments and established themselves as the governing class, reducing the Indian to a state bordering on actual slavery that, in many instances, was slavery. Every cruelty was resorted to by the conquerors. No pity nor mercy was ever shown unto the defenseless tribes. From the very first it was a question of asserting his superiority as a master and making the Indian feel that he was but a mere tool in his master's hands.

Our men did not bring their women and families until many years after the conquest. In consequence, the Spaniards from the very commencement took to themselves Indian women, and their offspring became the "Mestizos," a mixed race that the haughty and pure Castilians in Spain never countenanced, although they were of their own flesh and blood. Later on, when conditions became more settled, the Spaniards brought their families, and after a time the "Creoles" came into existence.

In like manner, and as we had started out with the wrong foot at the time of the Conquest, the same misfortune befell us when we launched out into independent statehood. In other words, we ran before we walked. We wrote before we learned our A B C. We assumed a developed stage without first having had the preliminaries. How different this was in your case! Yet how very few people are there who think of this when discussing and criticizing us? How many are there among you who think of this and stop to consider to what extent the Latin-American countries and their people have been handicapped?

We have been misjudged. We have been misrepresented at all times. And all because our critics have failed to look into our early histories and ascertain the why and wherefore of the present state of affairs. They have sought in our countries for practically the same conditions as exist in other more fortunate lands, where the evolution of nationality has been gradual and logical, because there has been a foundation for it.

It is impossible to build where the foundation is not solid, where the ground has not first been well broken and prepared. As I stand here before you and think that I come from the country that is proud to possess the oldest trace of prehistoric civilization on the continent, the nation that boasts the most ancient seat of learning in the Americas, it grieves me to consider that, notwithstanding the age of my country and the venerableness of that seat of learning, the University of San Marcos, we still are, as a nation, in our infancy. And it is so because only now are we developing our true nationality. And we know now that the formative period may be considered as well over, and we feel ready to face the future with full confidence in ourselves and in our country.

Some of the countries of Latin America have already made wonderful strides along the path of progress, material and intellectual. Some have already crossed their Rubicon and are forging ahead at a rapid pace. Argentina, in which conditions are more analogous to those of the United States, has already attained a greater material growth than any other Latin-American nation. The tide of immigration from the European countries has been for some years steadily flowing toward the southern part of our continent. Brazil and, more specially, Argentina have been receiving in increased numbers European settlers. In Argentina the blending of the races is taking place and a condition similar to that which occurred in the United States is developing there. Southern Brazil and Uruguay, on the Atlantic, and Chile, on the Pacific, are developing strong nationalities. In the latter country climatic conditions and a more homogeneous race have been favorable.

The Panama Canal will open the west coast of Latin America to European immigration. It will help to open to trade the countries on the Pacific slope. Through the new waterway Peru will be in a direct line of communication with Europe and the Gulf and Atlantic ports of the United States. The canal will be the great gateway through which will flow to our shores a stream of progress, carrying along with it men with capital, men with energy and activity, men who will come to us in the spirit that the pioneers from these New England States went into the West of this great country and founded there a greater empire of wealth than even the Pilgrim Fathers founded in this section of your country.

There is a happy faculty that is common to the whole of America, of being able to readily assimilate diverse foreign immigrants and turn them into good citizens. The melting pot does not exist only in your country. In each of the Latin-American nations it is doing the work of fusing into one great nationality the stray elements from all over Europe.

I would beg you to consider this question when you are judging the Latin American. Bear in mind what I have tried to make clear to you, and if you do this, you will be better able to understand his idiosyncrasy and in time you will perhaps look upon him as a companion and a fellow worker in the great cause of human uplift. We are all striving for a common goal. Our methods may differ, but our aspirations are the



same, and the earnest endeavor of each is worthy of the respect of the other.

Mr. President, this pamphlet by a South American diplomat states so fully the grounds of misunderstanding and, in a measure, the repulsion between the people of Latin America and those of the United States that I have taken the liberty of quoting liberally from it.

There is a question more important than the shipping bill, and yet closely associated with it, namely, a realization of the proper attitude of our people toward all foreign Governments. I regret to say that there is nothing that appeals so strongly to a certain class of our population as an attack upon foreigners. Unfortunately there have been times in the history of the United States when the fortunes of a political party have been at a low ebb and when the emission of some paper attacking a foreign nation has seemed to restore the equilibrium and brought popularity to the administration which has emitted the fulmination against some other people. To attack the Government of the people of some foreign land is regarded as an appeal to patriotism. It is an easy way to gain popularity; it loses no votes, and it seems to appeal to the unthinking.

Mr. President, we are one of the family of nations. Great and growing as we are, we are nevertheless but a small part of the multitudes who people this globe of ours, and, just as one individual owes courtesy and politeness and a proper observance of the amenities of life toward another, so we, the people of the United States, owe due respect toward all the peoples of the earth.

The great progress of science has aided us in this regard. It has broken down the barriers of space and time, by the railway, by the steamship, by the electric cable, so that the pulsations of the Old World are felt almost instantaneously in the New World. Let us seek a better understanding with other nations. Then peace, good will, and trade will follow.

I make a special appeal for this good will for the people of Latin America. Their history is different from ours. There is too wide a difference of race and tradition. Their civilization comes for the most part from the Latin race. Whatever we may think of that race, we ought to realize that 2,000 years ago it dominated the world, wonderful in its organization, powerful in its government, conquering the earth, establishing law much of which is in force to-day, and exerting an influence destined to be potent to the remotest day, while our ancestors were living in the forest and dwelling in huts. We may feel that we are superior to the Latin race and to all its descendants, but we owe them respect; as this writer has phrased it, we should regard even their idiosyncrasies with a charitable disposition.

What has been the growth of things in South America? We may commence with the Spanish invader, who came for conquest and for gold, caring not for the people, giving an impression which must last for centuries that government is synonymous with oppression and that rulers by nature are oppressors. About the year 1806, 108 years ago, after a long era of colonial dominion, the peoples of these States began to rebel, and in time they gained their independence. They looked to Washington as the great liberator of this country, and while the forms of government there are largely founded on our own, nevertheless the careful reader will discover that the spirit which dominated the revolutions of 1806 and succeeding years was more derived from the French revolution than from our own. The similarity of races and the partial similarity of language, the use of the Spanish language predominantly and the universal knowledge of their scholars of the French language, have given them a bent toward Latin and especially toward French civilization. So their ideas are different from our own. We do not have to cross the ocean to find people who are Spanish or Portuguese or French in their traditions; we find them on our own continent, and we should give due consideration to their habits of thought and traditions which are quite different from our own. We should especially maintain the attitude that the larger and more powerful members of the family of nations in the new world must treat all alike with justice, so that we shall have regard for the small, undeveloped nation as well as the strong, so that we may in every way promote good feeling and amity among them, aid them, and not in any way seek to interfere with them for our own benefit.

Little by little there has been a growth in the spirit of nationality and in the maintenance of orderly government. The progress along that line in the majority of the nations to the south of us has been very marked in the last decade; in fact, in all recent decades. Let us hold out to them the helping hand, and not seek to lay upon them the mailed fist of power. That is the problem—good understanding, removal

of asperities and grounds of animosity, fellow feeling, the spirit under which we shall let them know we intend to dwell in peace and harmony with them and not use the strong arm of force. That is what is most needed, Mr. President; and I am unwilling to leave the Senate until I shall express my earnest desire for a better understanding with the States of South America. They are making such progress as any nation could be expected to make in their position.

Do you realize, Mr. President, how much popular government depends upon scientific progress? Without good roads and means of communication by the railway and the telegraph, without the printing press which publishes the news, and the telegraph which rapidly transmits it, that solidarity of public opinion, that amount of understanding of the proper functions of government which is necessary can not exist. You must have the improvements which have come with this modern day; otherwise, people dwell remote from each other, do not understand each other, and sources of irritation are constantly arising. This problem is somewhat complicated in South America by the difficulty of crossing great mountains, though among the world's great engineering feats are numbered the building of the tunnel through the Andes, the construction of railways in Peru to the old capitals of Arequipa and Cuzco, and the bringing of La Paz, in Bolivia, into communication with the outside world.

How is trade to be promoted with South America, if I may go down on that plane, which to my mind is several levels lower than the question of good relations with those countries? Why has not our trade been larger in South America? Why have we been surpassed by Germany and England in the quantity of exports to those countries? If that question had been asked 20 or 25 years ago the answer would have been that the trade did not exist there in any such volume as it did in other nations of the earth. It is now increasing very rapidly, however. It is assuming large proportions. Of course as a condition of their buying things, of their having a chance to import, they must produce something, or they must give promise of producing something; for they must either have the commodities to exchange for the products of other countries or they must have something on which to negotiate loans where the prospect will be reasonably assured that they can pay in the future.

I have already pointed out that very largely their products are the same as our own—wheat, flour, meats. There is beginning to be a scarcity of hides in this country, and we are importing a good many from Argentina and perhaps other countries; but their products are very largely competitive, and that fact has given a bent of trade toward the countries of Europe, where their products are more readily utilized.

Then there is another factor that is probably more powerful than that. We have been so well satisfied with avenues for the disposition of our products already obtained that we have given attention chiefly to supplying the markets at home and of the advanced countries of Europe. We have not realized that South America has ideas, methods, preferences of her own. If we make a certain staple article, we think South America should use that article. We make it and ship it down there. When it arrives we find that it is not suited to their tastes and uses. We have not sent our salesmen there to learn their language, to learn their methods of trade. We have not squared our methods with theirs. They are a sensitive, formal, polite people. They do not do business in the same way that we do. Further than all that, and very important, we are not ready, or have not been ready thus far, to make loans to them. I said yesterday that more correct than "Trade follows the flag" was the saying that "Trade follows a loan." Like our great West in its early development, like Canada in its present development, so South America is a new country, and trade has increased beyond the amount of available capital. They must, consequently, borrow from abroad. Our competitors—Great Britain, Germany, and in a measure other countries—have made them loans on condition that their rails for railroad building, their locomotives, their material for great structures of iron and steel should be purchased from the parties making the loan, or perhaps, more broadly, they agree to sell on credit. We have not yet entered that field. They demand long time—six months, perhaps, where the prevailing custom in the United States is 30 days. They demand that packages be put up in a particular manner, not required in our domestic trade; and this is not a mere whimsical demand. It is made necessary perhaps because of the severe handling to which articles are subjected in being sent to South America or for other excellent reasons.

There are other conditions besides those I have named, but these are the fundamental ones. They go down deep in their



roots to the differences between the people of the United States and those of South America. They are increased and intensified by conditions that have grown up there in recent years.

With the indulgence of the Senate, I shall read from a document recently issued which, I think, contains the best statement on this subject of any article on South American trade. It was prepared by a Latin-American trade committee appointed by the Secretary of Commerce, Hon. W. C. Redfield, under a resolution adopted at the informal Latin-American Trade Conference called at Washington, September 10, 1914, by the Secretary of State and the Secretary of Commerce:

The informal conference assembled at Washington on September 10, 1914, by the Secretary of State and the Secretary of Commerce brought together a number of diplomatic and consular representatives of Republics of South and Central America and representatives of American business and of commercial and industrial organizations, including the Chamber of Commerce of the United States of America, the Southern Commercial Congress, and the National Foreign Trade Council. After a general discussion, which brought forth prominently the commercial needs of both the United States and the sister Republics, a resolution was adopted requesting the Secretary of Commerce to appoint a general committee on Latin-American trade to consist of the members of the Latin-American committee, already appointed by the National Foreign Trade Council, and representative men from various parts of the United States.

To show the authority to which this document is entitled, I will read the names of the appointees:

Secretary Redfield accordingly appointed as members of the committee: John Barrett, Director General of the Pan American Union, Washington, D. C.; William Bayne, president of the New York Coffee Exchange, New York, N. Y.; W. B. Campbell, president Perkins-Campbell Co., Cincinnati, Ohio; Robert Dollar, president Robert Dollar Co., San Francisco, Cal.; James A. Farrell, of New York, chairman National Foreign Trade Council; William A. Gaston, president National Shawmut Bank, Boston, Mass.—

I presume the Senator from Massachusetts [Mr. WEEKS], if he were here, would know him very well—

J. P. Grace, president W. R. Grace & Co., New York, N. Y.; Fairfax Harrison, president Southern Railway Co., Washington, D. C.; Alba B. Johnson, president Baldwin Locomotive Works, Philadelphia, Pa.; C. J. Owens, managing director Southern Commercial Congress, Washington, D. C.; Lewis W. Parker, president Parker Cotton Mills, Greenville, S. C.; William E. Peck, president William E. Peck & Co., New York, N. Y.; William Schall, Müller, Schall & Co., New York, N. Y.; W. D. Simmons, president Simmons Hardware Co., St. Louis, Mo.; Willard Straight, with J. P. Morgan & Co., New York, N. Y.; E. P. Thomas, president United States Steel Products Co., New York, N. Y.; J. H. Waddell, Hard & Rand, New York, N. Y.; Daniel Warren, American Trading Co., New York, N. Y.; Harry A. Wheeler, vice president Union Trust Co., Chicago, Ill.

I read from the report and recommendations of the committee:

Industrial, commercial, and financial conditions throughout the world have been disorganized by the European war. The trade of the United States with Latin America has been seriously affected. The present period of confusion will, however, be succeeded by one of readjustment and reorganization. Your committee was appointed to investigate this situation and to suggest measures to relieve the emergency and to place the trade of the United States with the sister Republics on a permanently satisfactory and mutually profitable basis.

The products of Argentina, Brazil, Chile, and Peru exported to the United States differ each from the other and are dissimilar in turn

from those which we in this country import from Bolivia, Colombia, Ecuador, Paraguay, Uruguay, and Venezuela, from the Central American States and Panama, from Mexico and from Cuba, the Dominican Republic, and Haiti. These products for the purposes of this analysis may be considered together as raw materials, just as the goods which we export to these countries may be classified as manufactures. Mutual advantage for both the United States of America and the other Republics lies in a wider interchange.

In a properly comprehensive report the trade of the United States with each of the Latin-American Republics should be separately considered. We realize that in each case the problem is different and demands an individual solution. In general, however, this trade rests solely on exchange of commodities; that it has, in its essentials, been barter, with a settlement of balances through London, and has not been built up by extensive investment of foreign capital as has been the case with British and German trade.

The accompanying report deals with certain underlying principles applicable to our Latin-American trade as a whole. We feel that recognition of basic facts affords the only proper basis for meeting problems which while they differ in the several countries are nevertheless fundamentally the same.

Your committee feels that articles recently appearing in the press regarding commercial opportunities in Central and South America have unduly emphasized the promising aspects thereof, and have, in most instances, failed to state that our exporters already doing business with these regions find that their sales have been decreased rather than increased owing to the war.

Mr. President, I have a fear that some of the articles recently appearing in the press have influenced the judgment of some persons who are favoring this bill. They gave the impression that there were empty markets in South America, when this conference, including men who understood the subject best, states what the newspapers have failed to state, that "our exporters already doing business with these regions find that their sales have been increased rather than decreased owing to the war." There is not much "empty market" about that. "Decreasing sales"—not much need of additional transport facilities, either. The report dwells upon the "undue emphasis laid on the promising aspects of trade with these localities":

Your committee recognizes the present time as one when competition is less effective than in the past and than it will be in the future, until European bankers, merchants, and manufacturers recover from the effects of the war.

Your committee, moreover, believes that an opportunity is now afforded to place the trade of the United States with other American nations upon a firm foundation, supporting a more comprehensive structure, which may be built as the situation again more nearly approaches normal.

Your committee feels, however, that there is great danger that our merchants and manufacturers unfamiliar with Latin-American conditions may be induced by recent publicity to undertake ventures in that field which not only will be unremunerative but actually disastrous, and in their ultimate result make for a reaction of the very healthy and much to be desired interest in foreign trade now manifest throughout the United States, an interest which, if properly directed, should be of great permanent value.

If merchants and manufacturers are liable to make that mistake, and be induced by recent publicity to undertake ventures which not only will be unremunerative but actually disastrous, what must be expected of those who are misguided, blind, or ignorant?

#### SOUTH AMERICAN TRADE CONDITIONS.

The trade of the principal South American countries with England, Germany and the United States is shown by the following table:

*Imports and exports of the South American countries from and to England, Germany, and the United States for the years specified.*

[Compiled by the Bureau of Foreign and Domestic Commerce, Department of Commerce, from official reports of the respective countries.]

Country.	Year.	England.		Germany.		United States.	
		Imports.	Exports.	Imports.	Exports.	Imports.	Exports.
Argentina.....	1913	\$126,305,556	\$116,154,937	\$68,815,721	\$55,888,788	\$50,861,703	\$22,096,385
Brazil.....	1912	77,509,079	43,006,473	52,945,352	51,856,965	48,043,322	141,720,216
Chile.....	1912	38,599,282	55,340,706	33,189,070	28,321,778	16,806,341	24,526,811
Peru.....	1913	7,779,616	16,961,235	5,138,902	2,970,837	8,541,334	14,761,355
Ecuador.....	1911	2,835,854	986,148	2,385,738	2,139,552	2,591,629	3,190,069
Uruguay.....	1912	12,575,508	6,508,127	7,849,094	7,860,272	15,638,402	2,655,371
Paraguay.....	1912	1,205,248	799	1,500,953	843,459	4304,888	599
Colombia.....	1912	7,838,878	4,376,182	4,201,125	1,854,211	7,612,037	15,832,882
Venezuela.....	1913	3,994,733	767,031	2,586,986	5,563,768	6,944,136	8,470,563
Bolivia.....	1912	3,528,042	26,044,974	6,423,802	4,357,101	1,787,321	152,583

<sup>1</sup> Figures are for 1911 and are taken from the Almanach de Gotha.

<sup>2</sup> Figures taken from U. S. Daily Consular and Trade Reports.

<sup>3</sup> Figures are for 1911 and are taken from Pan American Union publication.

The above figures show that exports from Great Britain and Germany to South America considerably exceed imports from that region.

This balance in favor of Europe may, in a measure, be explained by the fact that proceeds of loans issued by the South American Governments in Europe are remitted not in cash but in goods.

#### AMERICAN EXPORTS CONCENTRATED.

Our export trade to South American countries particularly, and to a lesser degree the Central American States, is concentrated. It is estimated that 75 per cent of our principal exports to South America are the products of large organizations. Our principal exports to the River Plate may be roughly stated to consist of agricultural machinery and

allied products, steel products, oil products—kerosene, gasoline, etc.—and printing paper of various kinds. Our exports to Brazil, Chile, and Peru are largely limited to steel and oil products, locomotives, and electrical machinery. Our trade in cotton cloths, shoes, stockings, wearing apparel, and miscellaneous goods has not made up an important part of the total because of our unwillingness or inability to meet British and German competition.

Even before the war our export trade to all Latin America, and notably South America, had begun to decrease on account of the prevailing financial stringency. Our imports, however, increased in value, and the trade balance adverse to the United States for the fiscal year 1913-14 greatly exceeded that of 1912-13 both for all Latin America and for South America alone.



The accompanying table shows the distribution of this trade:

	Exports.		Imports.	
	1913	1914	1913	1914
Central America, West Indian republics, and Mexico.....	\$177,627,892	\$157,530,244	\$224,685,344	\$246,405,592
South America.....	146,147,993	124,539,909	217,734,629	222,677,075
Total.....	323,775,885	282,070,153	442,419,973	469,082,667

*Trade balance adverse to the United States.*

	1913	1914
In trade with Central America, West Indian republics, and Mexico.....	\$47,057,452	\$88,875,348
In trade with South America.....	71,586,636	98,137,166
In trade with all Latin America.....	118,644,088	187,012,514

**EFFECT OF THE WAR ON SOUTH AMERICAN COUNTRIES.**

Since August 1 of this year the countries in South America whose currency is not already on a gold basis have experienced a serious depreciation of their paper money.

The export of copper, tin, nitrates, coffee, and other products has been curtailed because of loss of the normal European markets. As indicative of financial conditions, bank holidays and moratoria were declared at the outbreak of hostilities, which were extended in certain countries from 60 to 90 days. The effect has been damaging to American exporters, as, under such circumstances, drafts due in August will not be liquidated until November or December. This means a large accumulation of draft indebtedness never contemplated by the shipper. Specie payments were suspended.

Mr. President, in dwelling on this subject a few days ago I gave an instance in which a contract had been made to sell 2,000 sacks of flour to Brazil. They were on the wharf in New York City, and the boat was waiting to take them. The usual course is for a bank in South America to accept, by cablegram, a draft filed with the bill of lading in New York. Just as this boat was about to take on the load word came that the bank, no doubt by reason of the transfer of specie to England or Germany, where the capital of the bank was owned, declined to accept the draft; that an issue of paper money had been provided by the Brazilian Government, amounting, I think, to \$170,000,000. The proposed buyer, who had intended to pay by a draft accepted by the bank, stated that he would agree to pay in six months; but the owner of the flour in New York City thought it altogether undesirable to complete such a transaction. He did not wish to take the buyer of the flour as a substitute for the bank; he did not wish to postpone payment for six months; and he feared that an issue of paper money in Brazil would further depreciate their currency. So the flour remained in New York. Now, that instance went forth to the country as an argument that we needed more shipping facilities to South America. The fact is that the ship was ready and probably remained in the harbor for a considerable time.

Mr. SUTHERLAND. Mr. President, the Senator from Ohio may have discussed a subject that I am curious about; but if so, I did not hear the discussion. What is the fact as to whether or not there is any great quantity of our goods or products destined for shipment to South American and Central American ports that are being held here in this country because there are not shipping facilities?

Mr. BURTON. I would say in answer to that question that there are less now than ever before. If they are being held here in this country at all, it is because of unsettled conditions in South America and the fear on the part of the would-be sellers in this country that they will not be paid for. As this report says, I repeat, even before the war our export trade to other countries and notably to South America had begun to decrease on account of the prevailing financial distress.

Mr. SUTHERLAND. That is, the difficulty with reference to our shipments, wherever they exist, is not a lack of shipping?

Mr. BURTON. Not at all.

Mr. SUTHERLAND. But it is due to some other circumstance?

Mr. BURTON. Yes.

Mr. SUTHERLAND. That would seem to pretty effectually dispose of the necessity of this shipping bill, so far as our trade with South America and Central America is concerned.

Now, I want to ask the Senator another question in this connection. Is there any lack of shipping facilities so far as our shipments to European ports are concerned, or is the difficulty with those shipments of another character? For example, it has been stated over and over again in the public press that shipments have taken place from this country to European

ports and that the ships in which the goods were conveyed have been held up for indefinite periods owing to the lack of unloading facilities at the ports in Europe to which the goods have been consigned.

If that be true, then does it not indicate that our difficulty, so far as European shipments are concerned, is not due to a lack of shipping facilities, but due to causes which exist in European ports with which this shipping bill can possibly have nothing to do? If we should pass a shipping bill, of course it would not remedy the conditions which exist in European ports; and I again ask the Senator from Ohio whether or not, so far as our shipments to European ports are concerned, there is any lack of shipping facilities?

Mr. BURTON. I would say there was somewhat of a scarcity of ships, due, in a measure, to the internment of the whole mercantile marine of Germany, a part of it in their own country and a part of it scattered in other ports over the earth. Then, again, a number of ships have been requisitioned by the French or English Governments. A certain number of ships, also, have been sunk. But how the shipping bill can improve that condition at all I can not see.

The Senator from Utah has stated one reason which some shipping men say is worse than all the rest, namely, the delay in loading and unloading in foreign ports. I dwelt on that in my remarks on the 7th of January, though not very fully. I gave as an illustration the case of the ship *Missouri* that went over with horses, but had an available cargo of 8,000 tons of freight to a port of France. She did not dare, notwithstanding the remunerative rates, to carry that 8,000 tons or any part of it, because information came to her managers that one boat in the same harbor had been held 60 days in discharging her cargo and getting out.

Mr. SUTHERLAND. So if we should pass this bill and thereby add to the number of ships that can carry goods from our ports, the difficulty which the Senator is speaking about would not be obviated.

Mr. BURTON. I do not see how we can get any more ships unless we get the interned ships, which raises a question of neutrality immediately.

Mr. SUTHERLAND. The Senator understands that it is impossible to unload within any reasonable time. Is it not true that the number of ships now engaged in carrying goods to these foreign ports—

Mr. BURTON. Without a very great period of delay.

Mr. SUTHERLAND. If we add to the number of ships we will get more ships started from American ports, but is it likely while this condition exists that we will be able to get any more goods unloaded in European ports?

Mr. BURTON. Naturally the more ships you have the more freight you could send. I presume in the ports of Bremen or Hamburg, if a ship could get in, regardless of mines, although there would be very great danger, the unloading might be fairly prompt. The instances of delay which have been brought to my attention have been in the ports of England and France. There is an utter abandonment of all foreign trade in the harbors of Bremen and Hamburg, perhaps Stettin and others. There is not the same condition there.

Mr. SUTHERLAND. Now, I wish to ask the Senator another question. It has been stated that one of the reasons for the passage of this bill is that ocean freight rates have been very greatly increased. Obviously that condition must be due in a large measure to the disturbed condition owing to this world's war, to the risks that are incident to the shipping business under these conditions, the increased insurance rates, and a variety of circumstances of that character. If I understand the situation, this bill with its appropriation of \$10,000,000, even if we used the money in the purchase of some of these interned vessels, could not restore to the sea one-fifth of the vessels that have been interned.

Mr. BURTON. No; it would not be one-fifth of those that have been interned; it would be much less than that.

Mr. SUTHERLAND. That is, those that have been in one form or another retired from the mercantile carrying trade.

Mr. BURTON. It would be much less than that.

Mr. SUTHERLAND. It would be much less than one-fifth. That being so, what is the Senator's view—

Mr. BURTON. That would include the whole of the German and Austro-Hungarian marine that are interned at home or in foreign ports.

Mr. SUTHERLAND. We may add the ships which have been taken from the carrying trade and are being used in the military operations of these various countries. The number of ships that we would restore to the ocean for the carrying trade by reason of this bill would be almost negligible, however, when compared with the number which are in one manner or another



retired. Now, does the Senator think that to put those few ships into the carrying trade would have any great effect upon ocean freight rates?

Mr. BURTON. The effect would be slight; it would not cure a situation which is most exceptional—indeed, extraordinary in its nature. Let me repeat what I said a few days ago. We are at peace here in America, and blessed we are. So many people do not realize what is meant by this world war. They expect things to move on just as they would in normal times. The seas near these great ports are strewn with mines, and ships are out for prizes, detaining ships, just as they are liable to be detained in all wars. We ought to be aroused and awakened when we are considering legislation to a consideration of the conditions of the time.

I want to add to what the Senator from Utah said that I do not see how the United States Government is going to obtain any ships from foreign owners. Certainly it would go right into the teeth of international difficulties if it did. Private owners might be able to purchase and run them with less danger of complications than the Government could.

Mr. SUTHERLAND. What the Senator has said about that brings me to this suggestion, if the Senator will permit me.

Mr. BURTON. Certainly.

Mr. SUTHERLAND. First of all, the President's message—

Mr. BURTON. The first proposition that was made here pointed, just as the compass points to the North Pole, to the building up of trade with Central and South America, which I have endeavored to show, was entirely without any reason.

Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER (Mr. MARTINE of New Jersey in the chair). Does the Senator from Ohio yield to the Senator from Iowa?

Mr. BURTON. In just a minute. I want to run down that South American proposition.

Mr. CUMMINS. My question was with reference to one put a moment ago by the Senator from Utah. I think the Senator from Ohio ought to consider what I am about to suggest probably before the Senator from Utah puts his second question.

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Iowa?

Mr. BURTON. I shall be glad to yield.

Mr. CUMMINS. The Senator from Utah assumed in his question that under this bill the corporation to be organized could buy only \$30,000,000 worth of ships.

Mr. SUTHERLAND. Ten million dollars.

Mr. BURTON. Ten million dollars of stock and \$30,000,000 of bonds. The stock may be increased, however.

Mr. CUMMINS. The corporation is to be organized with a capital of \$10,000,000. The shipping board is to buy \$30,000,000 worth of ships and sell them or transfer them to the corporation to be organized, taking the obligations of the corporation for the purchase price. I assume that the \$10,000,000 which constitutes the capital of the corporation will be needed in the enterprise itself. At least that such money will be needed to enable them to carry on the business which it is proposed they shall carry on, although they might of course use that money in the purchase of ships.

Mr. BURTON. I thought the Senator from Iowa was going to say used in the preliminary organization.

Mr. CUMMINS. Possibly. I think probably it will be expended in the preliminary organization. But what the Senator from Utah fails to perceive apparently, at least that is the way I look at it, is that this corporation which is thus to be organized can buy \$200,000,000 of ships, if it desires to do it, and has the credit which will enable it to do it. It can buy all the ships that ply between American ports and foreign ports if the persons who own those ships are willing to give it the credit. So we are putting afloat here an enterprise which will not only have \$30,000,000 of ships but, if people can be induced to trade with it, it can have the largest fleet of ships known to the history of mankind.

Inasmuch as the Government is the majority stockholder in this extraordinary corporation to be created, there will a certain strength be added to the credit of the corporation which will enable it to make these purchases, and, without any guidance, without any direction, without any supervision, this corporation is to go into this business to any extent that it may see fit to do so.

Mr. SUTHERLAND. If the Senator from Iowa is correct about that, and I have no doubt he is, we have conferred by this bill upon the shipping board the most extraordinary powers that Congress has ever undertaken to confer.

Mr. CUMMINS. There is nothing like it known in the history not only of this country but any other. You may search

all the records of any country in the world and you will find no such proposal or any proposal approaching this one.

Mr. SUTHERLAND. That illustrates the thorough unwisdom of the manner in which this bill has been formulated and brought to the Senate. There has been no hearing upon it, no one has had any opportunity of digesting its provisions and coming before the committees and expressing his views with reference to it. I have been looking hurriedly over the bill since the Senator from Iowa rose to his feet. I find this provision on page 2 of the bill:

The shipping board, with the approval of the President—

I should like very much to have the attention of the Democratic side of the Chamber to this extraordinary provision of the bill. I see the leader of the Democracy upon the other side giving his attention.

Mr. CUMMINS. I suggest to the Senator that the other side is not well represented.

Mr. SUTHERLAND. Yes; the Senator from South Carolina [Mr. TILLMAN] has just come in, and the Senator from Texas [Mr. CULBERSON], which makes three Democratic Senators upon that side. The Senator from Ohio [Mr. POMERENE] has just appeared, which makes four.

Mr. SHEPPARD. I would say that I was unavoidably called out of the Chamber for a few moments.

Mr. SUTHERLAND. I have no doubt the entire Democratic side has been unavoidably called out.

Mr. POMERENE. Mr. President—

Mr. SUTHERLAND. I am not complaining of that; I am simply commenting upon it.

Mr. POMERENE. I recognize the fact that the Senator is usually very diligent, and particularly when anything of a political nature is on hand; but I think I am in the Chamber quite as many hours as my distinguished friend from Utah.

Mr. SUTHERLAND. The junior Senator from Ohio is one of the most faithful attendants upon the sessions of the Senate. He is nearly always here, and he is here upon this extraordinary occasion when nearly all his fellows have fled. So my criticism is not directed to the Senator from Ohio at all. Now the Democratic side seems to be fairly well represented, there being some six or seven present, and I desire to invite their attention to this extraordinary provision in the bill:

The shipping board—

Mr. POMERENE. If it is not asking a question which calls for some peculiarly private information—

Mr. BURTON. My colleague I do not think has a right to speak here without asking who has the floor.

Mr. POMERENE. Will my colleague yield to me?

Mr. BURTON. I shall be most pleased to yield for a question.

Mr. POMERENE. I am very grateful to my colleague. I just wondered whether the rather unusually large number of Republican Senators were invited in in order to hear this particular colloquy at this time.

Mr. SUTHERLAND. To hear the colloquy on the part of the Senator from Utah?

Mr. POMERENE. The query occurred to my mind why it was that there happened to be more than the usual number of Republicans present at this time.

Mr. SUTHERLAND. I do not think there is more than the number of Republican Senators who are usually present; there is a fairly good attendance.

Mr. POMERENE. I think there are 11 Republicans in the Chamber now.

Mr. TILLMAN. Last night there was only one.

Mr. POMERENE. I remember the other evening when we tried to have a session in the evening to take up the calendar under a unanimous-consent agreement there were just about enough Republicans here to raise the question of the lack of a quorum and, of course, to defeat the legislation which otherwise would have taken place at that time. Last night, I believe, there was one Republican in the Chamber when we were seeking to get a quorum.

Mr. CLARK of Wyoming. At what time?

Mr. POMERENE. About 6 o'clock.

Mr. SUTHERLAND. The Democrats having a majority of this body, they were unable to muster a quorum. The provision, if I may go back to it, to which I desire to invite the attention particularly of the Democratic side is that—

The shipping board, with the approval of the President, may consent to or may cause an increase of the capital stock from time to time as the interests of the corporation may require, but the United States shall subscribe for 51 per cent of each and every such increase.

I venture to suggest to the Senator from Ohio that no such extraordinary provision has ever been found in a piece of legis-



lation heretofore. We are undertaking by that to confer upon a mere administrative board the power in effect to appropriate as much money out of the Treasury of the United States as they may desire.

I had always understood that it was the peculiar function of Congress to look after the appropriations from the National Treasury, and while we do to a limited extent authorize executive officers to incur expenses, I do not recall that any such power as this has ever heretofore been conferred upon any executive officer or upon any administrative board. We might just as well pass a bill in the first instance providing that the amount of the capital stock shall be fixed by this board without any limit whatever, because we have given them unlimited authority, if they choose to exert it, to increase the capital stock of this corporation to \$100,000,000 or to \$200,000,000. There is absolutely no limit.

Mr. BURTON. That is certainly true. The powers granted are unprecedented.

Mr. SUTHERLAND. The question that I desire to propound to the Senator from Ohio I have not yet had an opportunity to state.

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Utah?

Mr. BURTON. Yes.

Mr. SUTHERLAND. Upon this excursion into a new field I notice the President in his now famous Indianapolis speech said, speaking to his audience:

Do you know, gentlemen, that the ocean freight rates have gone up in some instances to ten times their ordinary figure, and that the farmers of the United States—those who raise grain and those who raise cotton, these things that are absolutely necessary to the world as well as to ourselves—can not get any profit out of the great prices that they are willing to pay for these things on the other side of the sea because the whole profit is eaten up by the extortionate charges for ocean carriage? In the midst of this the Democrats propose a temporary measure of relief in a shipping bill.

The query I have had in my mind, that I desired to propound to the Senator, is this: Undoubtedly the ocean freights have been increased, as the President says. Whether they have been increased to the extent which the President names may be open to question, but they have been increased to some extent.

In the face of that there are some ships interned and some ships that are not now in the carrying trade, which the private capital of our people have an opportunity of acquiring. This shipping bill has been talked about now for a considerable period of time.

Mr. BURTON. It has not been very much discussed here in the Senate.

Mr. SUTHERLAND. I mean it has been talked about so that the people of the country understood that the administration was contemplating the passage of such a bill, a bill which would put the Government of the United States into the shipping business. Of course, if the United States Government goes into the shipping business that will discourage private capital from going into that same business.

Mr. BURTON. Certainly.

Mr. SUTHERLAND. Because private capital must realize that it can not compete upon equal terms with the Government of the United States and particularly—

Mr. BURTON. Private capital certainly would not go in in case the Government went in.

Mr. SUTHERLAND. No.

Mr. BURTON. The Government might charge lower rates. At any rate there would be great uncertainty as to earnings.

Mr. SUTHERLAND. In addition to that—

Mr. BURTON. It is impossible to determine what course would be pursued or what motives would determine the action of such an unprecedented organization as the one here proposed.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to his colleague?

Mr. BURTON. As soon as the Senator from Utah concludes.

Mr. SUTHERLAND. The President has already announced that it is expected that this business would be carried on at a loss by the Government, which means probably that the Government would charge unremunerative rates.

Mr. BURTON. Very likely. It might charge rates which would be remunerative under private control but would be unremunerative under Government control.

Mr. SUTHERLAND. At any rate, the statement that the Government expects to carry on this business at a loss certainly would not tend to encourage private capital to venture into the same field.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to his colleague?

Mr. SUTHERLAND. I had not quite reached the question I desired to propound to the Senator. Is not this threat upon the part of the Government of the United States that it is going to invade this field which has heretofore been given up to private enterprise for the purposes of carrying on business a sufficient threat in and of itself, and has it not operated as a threat for the past months in such a way as to prevent private capital acquiring ships that otherwise might have been acquired and put into the carrying trade of the United States?

Mr. BURTON. Yes; undoubtedly. I think I have already expressed that opinion, Mr. President.

Mr. SUTHERLAND. I did not hear the Senator.

Mr. BURTON. I answer unequivocally not only that it would deter private enterprise, but it has already prevented the investment of private capital in shipping—

Mr. POMERENE. Mr. President—

Mr. BURTON. I am safe in saying to a larger amount than the amount contemplated originally in this bill, namely, the \$10,000,000 for stock and \$30,000,000 for bonds. I make the statement with confidence that more than \$40,000,000 has been kept out of investment in shipping by private parties by the threat of this bill.

The PRESIDING OFFICER. Does the Senator from Ohio yield to his colleague?

Mr. BURTON. I shall be glad to yield.

Mr. POMERENE. It has been only a matter probably of a month or a little longer since this measure was proposed, and within that time we are advised by my colleague that \$40,000,000 has been deterred from going into the shipping industry. Now, what, if anything, was there to deter the \$40,000,000, or any other millions of dollars, from going into the shipping business in this country prior to two months ago?

Mr. BURTON. I fear my colleague is altogether under a misapprehension in regard to the facts. The bill was introduced in the House of Representatives on the 24th day of August, and the report was then filed. The word was spread around, and, indeed, it was definitely understood that the bill had the backing of the administration.

Mr. POMERENE. Mr. President, that does not answer the question. I think I stand corrected, so far as the House bill was concerned; but let us assume that this controversy began with the introduction of the bill in the House, and that by reason thereof this \$40,000,000 was deterred from going into the shipping interest of this country; what was there to deter this \$40,000,000 from entering into the shipping industry for the 50 years prior to August 1, 1914? Why is it that, after private enterprise has had all these golden opportunities to invest in the shipping interest of the world, they have not grasped this opportunity, if they are now so eager to do it?

Mr. BURTON. What are the advocates of this bill insisting—the unusual opportunities of the present time, the higher rates, the difference in the relation between demand and supply? Now the shipping business is apparently very profitable.

Furthermore, it was not until last August that we passed a bill allowing ships under foreign registry, with certain exceptions as to age and size, to be transferred to American registry.

Mr. POMERENE. Mr. President, I am free to concede the proposition that by the liberalization of our registration laws we have improved the shipping facilities very largely; but when the shipping interests, taking advantage of the great needs of our commerce, in the course of several months are willing to double, treble, and even quintuple their rates, I do not know that that kind of private enterprise ought to appeal very much to legislators in the interest of the public.

Mr. BRISTOW. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Kansas?

Mr. BURTON. I shall be glad to yield.

Mr. BRISTOW. I should like to inquire of the Senator from Ohio if the increase of rates in the ocean traffic has been any more than the increase in the rates of the rail traffic that has been forced upon the people of the United States under the command, practically, of this administration by the Interstate Commerce Commission?

Mr. POMERENE. Mr. President, perhaps that question is addressed to me; I am not sure. I have seen the statement—and I think it is in one of the reports—to the effect that in many places the ocean rates have been increased ten times the regular rates. So far as the Interstate Commerce Commission rates are concerned, I do not know; that is a great question of economics. I am so constituted mentally that I am not able



to have an intelligent idea upon that subject until I shall first have had the opportunity to investigate the question and ascertain whether one rate is too low or another rate is too high. Some men can jump at conclusions, and men who have not had the same opportunity to investigate the subject which the Interstate Commerce Commission has had are, of course, much more capable of determining what is right and what is wrong than are they, just as every man in his experience in the common walks of life recognizes the fact that there are many men who stand on the street corners who know better how cases should be decided in the Supreme Court of the United States than do the Supreme Court judges themselves.

Mr. NELSON and Mr. BRISTOW addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Ohio yield, and to whom?

Mr. BURTON. I yield first to the Senator from Minnesota, and then I will yield to the Senator from Kansas.

Mr. NELSON. I want to call the attention of the junior Senator from Ohio [Mr. POMERENE] to the fact that in the recent ruling of the Interstate Commerce Commission—

Mr. SMITH of Georgia. Mr. President, I desire to make the point of order that the senior Senator from Ohio can not yield to other Senators except for them to ask a question of him; and I object.

Mr. NELSON. Mr. President—

The PRESIDING OFFICER. The Chair was under the impression that these interruptions were all in the line of questioning the Senator from Ohio [Mr. BURTON]. The Chair thinks the Senator from Minnesota is in order in submitting his question.

Mr. NELSON. I desire to call the attention of both the Senators from Ohio to the fact that the Interstate Commerce Commission in their recent decision increasing the rates which might be charged by the railroads did not base their decision on the well-known doctrine which has heretofore prevailed as to the value of the service rendered, but they based it on an entirely new and novel ground, of which we have never before heard, to wit, on the ground that the times were a little dull and hard and that the railroads needed a little more income; that was all—not that the service was worth more or that the railroads were entitled to a higher rate. That is a new doctrine. If that doctrine shall be applied in the future, it will always be a question not as to the value of the service rendered, but as to whether the times are good or bad and as to whether the railroads are or are not making money.

Mr. BRISTOW. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Kansas for a question?

Mr. BURTON. I shall be glad to yield to the Senator from Kansas.

Mr. BRISTOW. Mr. President, the junior Senator from Ohio [Mr. POMERENE] seemed to be somewhat irritated, judging from his manner, at my question; but I should like the senior Senator from Ohio [Mr. BURTON], if he is able to do so, to explain why it is that the present national administration seems to be so horrified at the alleged increase in ocean-going rates, while it demands that the Interstate Commerce Commission increase the railroad freight rates of the country? I should like some explanation of the attitude of the administration as between those two great transportation industries.

Mr. BURTON. Mr. President, to take up first the remarks of my colleague [Mr. POMERENE], who expressed surprise that for these many years men had not entered the shipping business. I wish to say that no one deploras that fact more than do I. I have given much study to the history of our shipping from the earliest days when our proud sailing ships ranked with the best of the boats on the ocean. That is a long story, and I do not wish to go into it now.

In all propositions for the restoration of the American merchant marine, against the judgment of the great majority of my colleagues I have steadfastly opposed any plan for ship subsidy. I regard the reasons for the decadence of the American merchant marine as so deep and so fundamental that none of the propositions for a national subsidy would remedy them. At sometime during this discussion I may wish to express my views upon that question, but I do not wish to digress at this time. After long years of decadence, however, the time came when our navigation laws were liberalized, when our competitors, who had driven us from the sea, were involved in a frightful war. The chance was then offered for us to regain something of that proud position which we occupied a hundred years ago, when our boats sailed over the entire globe, and when every port of any prominence welcomed a ship carrying the American flag at its masthead.

Almost immediately when this opportunity was afforded more than 100 ships under foreign registers were brought under the American flag. Then word comes—from I do not know where, perhaps from the other end of the Avenue—that the Government is going to take over this business. Like a pall of darkness it settled over the hopes of every individual and of every company which was disposed to purchase ships and take out an American register so as to fly the American flag.

They say the rates are four or five times as high as formerly, and that is an extortion. I do not hold any brief for the ship-owners; I did not in the days when they asked for subsidy, and I do not now. But I fancy that if any Senator in this body were to complain of these increased rates and should say to one of the old skippers, "Captain, you are charging too much; you are raising your rates to four or five times your former charge for the trip to Bremen," he might say in reply with grim humor, "You just come right up here on the bridge, and when we are going through mine fields on the other side, where for hundreds of miles there may be a mine in every knot or in every quarter of a knot liable to blow you into kingdom come, and you will not complain that the rates are four or five times more than they formerly were."

Mr. NELSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Minnesota?

Mr. BURTON. Certainly.

Mr. NELSON. I ask the Senator from Ohio if it is not a fact that one great reason why there has been an increase in ocean rates is that so many vessels are carrying contraband or conditional contraband of war, involving exceptionally high rates of insurance, and also the order of the Treasury Department requiring that the manifests of the cargoes of ships should be concealed for a period of 30 days, so as to give vessels carrying American products an opportunity to ship contraband of war to Europe and get it well on the way before anybody knew what was in the cargo?

Mr. BURTON. I think, Mr. President, that was a most unfortunate step for the administration, though I do not wish to take that up at this moment.

Well, now it is said the rates are ten times as much as they were formerly? Possibly as to one single cargo that has been true. That is a good statement to make on the stump; possibly it is a good argument to use in urging the passage of a shipping bill when there is a lamentable paucity of solid arguments.

Even if there has been an increase of four or five times the former rates, there must be some very substantial reason for it. The Senator from Minnesota [Mr. NELSON] has given one—the tendency to violate the laws by carrying contraband—and then I have already pointed out others which, in my judgment, are more important, such, for example, as the existence of mines with which a ship is likely to come in contact when approaching ports to which formerly there was easy access through channels excellently lighted and of ample depth.

In addition to that, there is the delay in waiting for cargo, amounting in some cases, as I said a few moments ago, to as much as 60 days. On the routes where there is no delay, where there are no mines, there has been no notable increase. Perhaps there has been an increase of 10, 15, 20, or even 25 per cent, but it has not by any means been as great as the increase which occurred in a time of profound peace, in the autumn of 1912. Rates went up then more than they have gone up now, except where they are influenced by the abnormal conditions due to the present war.

I hope before we are through with the debate that the unsubstantial claims that are being made and the exaggerated statements of fact will be eliminated and that some reason will be advanced for the passage of this bill that will stand analysis. After carefully studying the whole question it seems to me at times that there must be something concealed about it that the Senate and the country does not yet understand, because it is so easy to show that the reasons which were given at first and those which have been advanced since are without foundation.

Mr. President, I have not quite finished as yet with the discussion of the South American situation in connection with the claim of empty markets. I will resume at the point where I was reading. In this connection, Mr. President, if it can be arranged by the reporters, I ask leave to have this document printed in its entirety without the interruptions, and then let the discussion and interpolations pertaining to it follow after the document itself. I do not wish to impose any impossible task on the reporters, but I should very much prefer to have the pamphlet printed by itself.

The PRESIDING OFFICER. Without objection, that course will be pursued.



Mr. BURTON. I continue reading from the report of the Latin-American trade committee:

DIFFICULTIES OF SETTLEMENTS FOR SOUTH AMERICAN TRADE.

Since the balance of our trade with South America is heavily against the United States, there should be exchange facilities which would enable our exporters to obtain payment from balances created in New York in settlement for goods imported into this country from South America.

Such balances, however, are not maintained in this country.

The external debt of the South American Republics (Federal, State, and municipal), amounts approximately to \$1,632,488,580. The bulk of those funds were borrowed from Great Britain. South America therefore invariably has payments to make in London.

The greater part of South American banking business, moreover, is conducted by British-owned institutions. These facts, together with the facilities offered by the London discount market, have induced German and other European-owned banks trading in South America to maintain London agencies. Sterling credits, therefore, have been the basis of South American trade.

Our exports to and imports from Latin America are shipped direct. They are, however (almost exclusively in South American trade and largely in Central American trade), paid for in sterling bills of exchange.

United States exporters have, in the past, converted their dollars into sterling at the rate of the day, drawing against their South American customers at 90 days' sight, payable in 90-day bills on London. Importers have accepted 90-day sterling bills, which they have liquidated at the current rate of exchange. This has necessitated the conversion of dollars into sterling in the United States and a reconversion in South America from sterling into the currency of the buying country.

Thus, although the balance of the South American trade of the United States has been increasingly heavy against this country, we do not make settlement direct. We have been obliged, either by the shipment of gold or goods, to settle this adverse balance by remitting to England either gold or goods to meet interest charges on the South American debt and to pay for goods purchased in Europe by the South American countries.

Recent attempts to establish direct exchange with South America have not been successful in relieving the trade congestion incident to the dislocation of London exchange. A few New York banking institutions have been ready to extend accommodation to American exporters, but the credits available have been wholly inadequate. This fact, together with the difficulty of making collections in South America, has seriously embarrassed our exporters, while our importers, finding it practically impossible to dispose of New York bills to bankers in South America, have been penalized by the almost prohibitive cost of London credits.

PRESENT PROBLEMS.

(1) Because of the war the Latin-American countries are confronted by the necessity—

(a) Of marketing their products despite the shrinkage of world purchasing power.

(b) Of obtaining funds to move crops and to continue indispensable industrial and agricultural development normally financed by Europe.

(2) The United States is confronted—

(a) By the necessity of holding its normal export trade with Latin America.

(b) By the possibility of increasing that trade by filling Latin-American needs for merchandise hitherto purchased in Europe, which Europe can not now supply.

The solution of these problems depends upon—

(1) Production.

(2) Transportation—shipping and insurance.

(3) Financing: (a) Of production, (b) of transportation, (c) of settlements.

Production in the United States can be maintained if there be a sufficient market at home and abroad for American goods. Production in South America may continue, but can not be further developed unless financial assistance be obtained.

There is the crux of the whole matter, Mr. President.

Mr. NELSON. Mr. President, I should like to ask the Senator from Ohio a question.

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Minnesota?

Mr. BURTON. Certainly.

Mr. NELSON. Is the Senator aware of the manner in which some of the neutral countries have met the difficulty of the exchange situation which tied up the exports of this country for quite a while? Our American shippers were unwilling to ship their goods abroad until they were assured of their pay, and because of the condition of exchange in Europe they were placed in an embarrassing and difficult situation. There are some Governments which have met the situation, the pioneer Government in this respect being that of the little country of Norway. Representatives of that nation came over to the United States and secured a loan of \$3,000,000 upon the condition that 80 per cent of that amount was to be left in the banks of the city of New York to be drawn against in payment for American products purchased in this country. Sweden afterwards followed with a \$6,000,000 loan on the same basis. Subsequently, I think, Greece followed with a \$12,000,000 loan; and lately Russia has likewise negotiated a loan of, I think, twenty-five or thirty million dollars. All these loans have been made in such a way that, while money is ostensibly borrowed from the banks of this country, the funds are left here, to be drawn against in payment for American products. None of the South American countries have taken such a step, and until they do there will be no commerce with them. It will be congested because of the exchange situation in those countries.

Mr. BURTON. I was aware of the course pursued by Norway and by Sweden, and I think it was a very wise precaution. Each of those countries realized that there might be urgent need for products of the United States, and to guard against any derangement in the exchange system it was thought best to have the money here ready for such a situation.

The South American countries, however, have not a surplus of resources that will enable them to adopt such a plan, and, as stated in this report, they are compelled more and more to depend upon their own products. In this connection I repeat the statement:

Production in the United States can be maintained if there be a sufficient market at home and abroad for American goods. Production in South America may continue, but can not be further developed unless financial assistance be obtained.

That is, they have relied so much on loans in the past that, with the breakdown of credits and the financial disturbance there, they must depend upon their own products now even more than before.

It seems to me that some who have discussed this question would have done well to read the report by this committee—made up of leading exporters and others familiar with South American trade—before expressing themselves. I do not think anyone familiar with the facts stated in the following paragraph would have made the accusation of being ignorant or being misguided against those who oppose the purchase of ships by the Government to stimulate the South American trade:

At the present time steamships are available and sailing regularly from this country to the principal ports of Latin America and from those ports to the United States. Many of these vessels are unable to obtain full cargoes. Although only a limited number are under the United States flag, the above will clearly indicate to exporters, importers, and manufacturers that they need not hold back from entering the field on this account.

This report of Secretary Redfield's committee distinctly says that those who are engaged in the trade need not hesitate because of any doubt as to the sufficiency of shipping.

Before trade can resume its normal course the exchange problem must be solved, either by the restoration of the old or by establishment of new credit facilities.

NEW CREDIT MACHINERY NEEDED.

Old methods may no longer be serviceable in the situation which will result from the readjustment following the war. It should now be possible, indeed, in the mutual interest of the Latin-American Republics and ourselves, to create new credit machinery to perform the functions of the old, and which will at the same time rid us, at least partially, of a dependence upon the London credits and European financial markets, which, though essential in the past, has proved to be seriously embarrassing.

Deprived of the European loans with which their resources were being developed, Latin-American countries are now undergoing a serious curtailment of industry and development. The consequences in many instances will be serious not only to these countries themselves but also to the countries which expected to supply the materials.

It has been increasingly the practice of European bankers to stipulate the use of European material in the projects which they financed. Latin America is now turning to the United States for funds. This country is hardly in a position to undertake considerable investments at the present time, but industries with an already considerable trade at stake may well consider the necessity of protecting that trade by obtaining for their customers some relief from the present stringency. Such investments, if judiciously made, would yield an ultimate fair return and meanwhile provide a market for American materials which can not now be sold.

The question of creating a market for Latin-American securities in the United States, therefore, is highly important. The development of our trade with those countries is largely dependent on its satisfactory solution.

ESTABLISHMENT OF COMMERCIAL CREDITS MOST IMPORTANT.

Unless the restriction of commercial credits be remedied, however, we will not only be unable to extend our trade, but we will lose a considerable portion of that which we already have.

Nowhere does this article sound much like a story of empty markets. It is as far from that as possible. They are in financial straits down there. Instead of there being a demand for more of our goods, instead of there being any occasion for putting on shipping lines, they say, "Unless the restriction of commercial credits be remedied \* \* \* we will lose a considerable portion of that which we already have."

In these days when accusations of ignorance, blindness, and of being misguided are used so conspicuously I wish that documents like this, which exhaust the subject, might be read more generally. This was not prepared by the shipping people; it was not prepared by Republicans, but by a committee appointed by the Secretary of Commerce in this city, and if ever there was an absolute refutation from men who are thoroughly posted on this subject, an absolute destruction of every argument for the pending policy or measure, it is in this procedure.

Compare that with the following excerpt from page 4 of the President's message:

It is of equal consequence that the nations whom Europe has usually supplied with innumerable articles of manufacture and commerce, of which they are in constant need and without which their economic development halts and stands still, can now get only a small part of



what they formerly imported, and eagerly look to us to supply their all but empty markets.

In the light of actual conditions in South America that expression "empty markets" is absurd.

Mr. GRONNA. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from North Dakota?

Mr. BURTON. I shall be glad to yield.

Mr. GALLINGER. I object, Mr. President.

The PRESIDING OFFICER. Objection is made.

Mr. BURTON (reading)—

This is particularly true of our own neighbors, the States, great and small, of Central and South America. Their lines of trade have hitherto run chiefly athwart the seas, not to our ports, but to the ports of Great Britain and of the older Continent of Europe. I do not stop to inquire why or to make any comment on probable causes. What interests us just now is not the explanation, but the fact, and our duty and opportunity in the presence of it. Here are markets which we must supply, and we must find the means of action.

Then, on page 5, the President speaks of the errors in the development of our merchant marine, and urges this system of Government purchase of vessels as a remedy. It is evident that he had South America in mind:

Therefore I propose another way of providing the means of transportation, which must needs precede, not tardily follow, the development of our trade with our neighbor States of America.

Not a word about these trans-Atlantic routes, the trade to France or to England or to Germany, but "our neighbor States of America." So far as transportation facilities to our neighbor States of America are concerned they are about as well provided for now as they ever were; and the fault is, not in lack of shipping, for practically every boat that points its prow in that direction goes with a large amount of empty space, due entirely to other causes which I wish had been examined and appreciated. And that might have been done before this measure was introduced. The reading of this document alone would have given a full understanding of the situation.

I will resume reading, on page 9:

The present effort to secure cooperation of American bankers in massing a gold fund to satisfy our obligations abroad by promising to cause London exchange again to approach normal, will lessen to the American importer the expense of liquidating in London his South American indebtedness. It will nevertheless give effect to the old alienation of the selling power we should derive from purchases of South American products. Liquidation of our South American indebtedness in London will pay for British exports to Latin America, at a time when American merchandise, intimidated by moratoria, remains congested on our docks. Our available money will serve Great Britain's effort to capture South American markets vacated, perforce, by Germany.

Whenever there is a great disturbance of the world's finances, American exporters and importers in South American trade are injured, because of their dependence on London. This has happened four times in 25 years.

So long as South America must meet interest settlements in London by shipment of goods to the United States, under the old three-cornered system, our South American trade must, to a certain degree, depend upon London exchange.

But in view of the facts above mentioned, it has seemed to your committee that the need for independence, emphasized by the present situation, should be recognized. We feel that an attempt should now be made to evolve some plan whereby we might take advantage of our large direct trade with Latin America to make a market for bills drawn in dollars, and establish a direct exchange, not with the view to eliminating sterling credits now or later, but in order to provide an exchange channel which will supplement, offset, or compete with London, and be available in an emergency when London exchange is disorganized.

The maintenance of exchange relations depends on a credit machinery and reciprocal balances. This machinery will partially be provided under the Federal reserve act, which permits American banks to open branches abroad and permits a rediscount in this country of commercial paper, based on shipments of commodities in foreign trade. These steps, however, have not yet been effected, and your committee appreciating that the installation of this machinery may require considerable time, has considered means for temporary relief.

These means are in a measure superseded by the establishment of a bank, at least in one country of South America, as a branch of an American institution. However, I will read the plan that is proposed:

#### COOPERATIVE EXCHANGE AS EMERGENCY MEASURE.

A plan for the establishment of a merchants' "cooperative exchange," or clearing house for Latin-American trade, has been proposed. This, it has been suggested, would enable importers and exporters of goods to and from Latin-America to watch credits, balances to be remitted on certain definite settling dates. The chief argument for such an institution is that it would bring together exporters and importers among whom there is now no cohesion. Both know their cash requirements each month. If the exporters require say \$5,000,000 to pay for their October shipments to Brazil, and the importers a like amount to pay for their imports from Brazil, such an exchange might be able easily to liquidate transactions in New York.

The plan, however, is open to serious objection for the following reasons:

First. The necessity and difficulty of securing the cooperation of a sufficient number of importers and exporters.

Second. The necessity and difficulty of standardizing credits.

Third. The difficulty of reaching an agreement as to the rate of exchange between South American currency and United States dollars.

Fourth. The difficulty due to the seasonal variations of shipments of South American produce and the consequent fluctuation in the demand for branches in New York or South America.

Fifth. The disorganized financial situation in South America, which increases the risk in securing settlements in the South American Republics.

Sixth. The necessity of creating and maintaining an expert and, therefore, expensive organization.

The difficulty as regards South America, however, would still remain, for it would be impossible within any reasonable time to organize in the principal cities of South America sufficiently extensive cooperative associations and importers and exporters of American products.

Standardization of South American credits, therefore, could only be secured by the guaranty of American shippers or importers, or by the guaranty of the South American Governments themselves.

Your committee, therefore, after careful consideration, feels that the suggested "cooperative exchange" would not be practical, although a powerful banking group or large banking institution willing to assist in maintaining and developing our Latin-American trade might be able to secure and render mutually beneficial the organized cooperation of exporters and importers in matching credits.

#### RECOMMENDATIONS.

Your committee, however, believes that the extension of credits might be facilitated and some relief afforded pending the establishment of the Federal reserve banks if, in addition to permitting national banks which have signified their intention to enter the reserve associations to accept commercial paper, action be taken by the Federal Reserve Board to make immediately effective the rediscount provision of the new banking system, thus assuring early establishment of a discount market.

Your committee, while appreciating the necessity of conserving the banking resources of this country for the protection of our domestic situation, nevertheless believes that the cessation or curtailment of our trade with Latin America will in itself be highly injurious to American industry, just as we believe that the extension of this trade would make for the prosperity of the country at large, as well as of those directly interested. We therefore hope that American banking institutions may be induced to meet the present emergency, not by tentative and inadequate measures, but by extending accommodation sufficient at least to assure the maintenance of our already established trade.

There is not a sanguine note in this report, Mr. President. It is to be noted here that they express the hope that by measures to be taken our already established trade may be maintained. On the other hand, I trust that in the future our trade to South America will greatly increase.

Mr. NELSON. Mr. President—

Mr. BURTON. I shall be glad to yield to the Senator.

Mr. NELSON. I desire to call the Senator's attention to the fact that while it is claimed that there has been a great depletion in our ocean shipping, yet that has not been as great as the depletion in the international ocean commerce.

Mr. BURTON. I believe I dwelt on that subject somewhat the first day I spoke—on January 7.

Mr. NELSON. I want to quote what the Commissioner of Navigation says on that subject:

The lessened production and the loss of vessels will be more than offset, however, by the great reduction in the volume of international trade by sea during the war and during the period of recuperation.

While the war has eliminated the German shipping and practically the Russian shipping, and to a limited extent the Swedish shipping, yet the oversea trade that we had with Germany, with Austria, and with Russia has also practically been eliminated; from the fact that the Turks control the Dardanelles and the Bosphorus, there is no communication with Russia in the Black Sea, and the fact that the Gulf of Finland and the Baltic have been mined; so that Russia, with the exception of the single port of Archangel, is absolutely cut off, as much as Germany and Austria. The loss of international trade from these sources far exceeds in pro rata quantity the loss of shipping as an incident to the war. I want to call the Senator's attention to that fact. Unfortunately, I did not hear the Senator the first day he spoke.

Mr. BURTON. Mr. President, I do not believe anyone can tell whether the decrease in commerce keeps pace with the decrease in shipping. I examined some figures on that subject a couple of weeks ago, and they showed that the percentage of the whole tonnage of the world owned by citizens of the German Empire was just about the same as their percentage of the total world's trade—some 10 to 12 per cent; I do not recall the exact figures. Then, as stated in this report—or did the Senator himself state that?—there is the closing of a part of the trade from Sweden.

Mr. NELSON. I called attention to that. That is not in the report. I simply referred to what I marked in pencil in the margin.

Mr. BURTON. Then there is the very obvious elimination of Turkish and Russian commerce by the closing of the Dardanelles and the mining of the Gulf of Finland, there being only two routes left for commerce into Russia—the one to Archangel on the north, which during the winter season is probably closed by ice, and the other to Vladivostok, at the easterly end of the Russian possessions in Asia.

Mr. NELSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio further yield to the Senator from Minnesota?

Mr. BURTON. Yes.



Mr. NELSON. I stated a moment ago that, among other things, a part of the Swedish shipping had also been affected by the war.

Mr. BURTON. Yes; there is no doubt of that.

Mr. NELSON. It has been affected partly because the Germans have strewn mines on both sides of the Baltic, and also in the Gulf of Bothnia, at the Aland Islands, and in the Gulf of Finland; but, worst of all, what has affected the Swedes more is this: They ship a good deal of timber by water from that country, and the German Government has declared timber to be contraband of war in order to prevent England getting the timber.

Mr. BURTON. What is the great port in northeasterly Prussia—Malmo?

Mr. NELSON. No, sir; it is a port farther up, north of Stockholm.

Mr. BURTON. This is in East Prussia.

Mr. NELSON. No; it is in Sweden.

Mr. BURTON. There is a port over there at the very northerly end of East Prussia, where they import timber on an enormous scale.

Mr. NELSON. Memel?

Mr. BURTON. Yes; Memel—that is it.

Mr. NELSON. And Konigsberg. Konigsberg and Memel are ports, and there is another little port by the name of Labiau. Then there is another port in Swedish Pomerania, Stralsund, that used to be a Swedish city in old times.

Mr. BURTON. Because of making timber contraband of war, no doubt that trade is almost entirely shut off.

To resume, I think it would be almost impossible to judge of the comparative falling off of the commerce of the world and the falling off in the quantity of shipping available. Probably there is a certain degree of equality between the two, but there are such uncertainties that you can make no reliable calculation.

On the 7th of January I pointed to the fact that larger supplies were required by the countries whose armies were in the field, which in certain branches increased importation and commerce; also, that some of the countries near the theater of war, but not directly involved in the struggle, were accumulating supplies in order to provide against emergencies. But the most decisive feature in the influence upon shipping rates is not that of interned shipping—shipping that has been put under military requisition—it is in the delay in ports and harbors, the danger of seizure, and the mining of channels. Those factors combined have very naturally put up freight rates altogether beyond the normal scale.

To resume reading:

#### EXTENSION OF TRADE.

The question of extending American commerce with Latin America depends primarily, as does the problem of maintaining our trade, upon the establishment of commercial credits, upon our ability to finance Latin-American enterprise, purchase the products of its soil and industries and upon the perfection of our selling machinery.

Your committee has not attempted to formulate suggestions as to the manner in which the individual manufacturer should proceed to establish a market for his products in South America. Nor does it here dwell upon the importance of adaptation of the product to the needs of the market for proper packing. Too high praise can not be given the Government, particularly the Department of Commerce, under the Hon. W. C. Redfield, for its effective propaganda on these essential points and for its efforts adequately to assist extension of our foreign trade.

The enlightened services of the Pan American Union in safeguarding good understanding among the republics of the Western Hemisphere, and in making its information and advice available to all affected by the commercial problems arising at this juncture are worthy of the warmest commendation.

#### CAUTION NOW ADVISABLE.

Your committee feels, however, that merchants and manufacturers now contemplating an entry into the Latin-American field should be careful to avail themselves of the easily accessible information concerning these markets. It is suggested that they should at the outset remember that the cost of maintaining individual representatives would probably be too great for any one of them to bear themselves. It is therefore suggested that associations consisting of the smaller firms or corporations engaged in kindred lines of production might be formed, and that either one or more representatives should be sent to South America to look after the interests of such associations, thereby bringing the cost of representation within a reasonable limit.

Mr. President, I doubt whether this arrangement would be allowable under the antitrust law. One disadvantage of our exporters has been that large-scale operations are practically essential to gain any foothold in the foreign market, save in the case of specialties; that an organization which furnishes articles for the South American trade must be able to respond quickly to the demands, and must have a variety in the wares which it can furnish, and an ample supply. The Germans provide for that by their cartels; the English, instead of discouraging, encourage that sort of thing; but with us it is contrary to the law. It can not be done.

I should be far from advocating, as at present advised, a repeal of the antitrust law; but it seems to me it is absolutely essential for our foreign trade that our laws should be so framed that this recommendation could be carried out. We are brought in competition with the whole world. Every other country permits these sales agencies which represent a number of different firms and corporations, including competitors. No single institution, unless a very vast one, can afford to maintain selling agencies generally throughout South America or any other country.

It has been suggested that American manufacturers should combine to send to South America trade exhibits, showing the various articles which they have for sale. Your committee, however, is not inclined to feel that such measures would be productive of any permanent results. It is suggested instead that manufacturers and dealers desiring to place their products in Latin America, and who, for any reason, prefer not to send their own representatives there, could establish connections with export houses already doing business in those countries and maintaining large branch offices in the principal South American cities fully equipped with efficient sales organizations or who have established connections, and in certain lines of goods—foodstuffs, notions, and miscellaneous articles—join in establishing what might be called for want of a better name an "American store" in certain of the most important cities.

Ventures of this sort, however, require considerable capital and experienced men, and for the sake of the ultimate development of mutually beneficial commercial relations with Latin America it is believed that our merchants and manufacturers should not attempt to install their own establishments in Latin America unless they are prepared to meet initial losses and disappointments before realizing even moderate profits in what must necessarily be a developing, rather than a ready-made, business.

That fact seems to have been overlooked in the communications that have been sent in here and in the reports and arguments. The trade in South America is not born full-fledged. It does not spring like Minerva from the brain of Zeus. It is a warning that our merchants and manufacturers should not go into the business unless they are prepared to meet losses and disappointments—

before realizing even moderate profits in what must necessarily be a developing rather than a ready-made business.

Your committee begs, therefore, to summarize the results of the investigations and to state its belief that the present disorganization of the trade of the United States with Latin America may best be remedied and placed on a permanently satisfactory basis as follows:

1. The establishment of a dollar exchange.
  - (a) By the ultimate creation of a discount market.
  - (b) Pending the establishment of a discount market by the extension of adequate accommodations by banking institutions and the establishment of reciprocal balances in the United States and in Latin America for financing Latin-American trade.
2. Perfection of our selling machinery.
  - (a) By furnishing additional support to commission houses already familiar with Latin-American business.
  - (b) By forming associations of merchants and manufacturers to be jointly represented in Latin America.
  - (c) By obtaining information as to the possibilities of developing retail stores in large Latin-American cities.

I repeat, Mr. President, I have gone into this subject with reference to South America so elaborately because it was represented to Congress as the main reason for the establishment of a Government shipping line. The initial message recommended it. There was no "elsewhere." There was no other country mentioned except our neighbor States of America. That did not mean Canada, because the great majority of our transportation there is by rail.

Here is this document, which I submit is one of the ablest ever prepared on the subject of foreign trade, in which its authors not only say not one word about the need of any additional mercantile marine but they say that merchants and manufacturers need not fear to go into business because of any apprehension on that score, there being a plentiful supply. I read this again. I can not reiterate it too often, because it is the very substance of the whole thing, and I would that all my colleagues understood it:

At the present time steamships are available and sailing regularly from this country to the principal ports of Latin America and from those ports to the United States. Many of these vessels are unable to obtain full cargoes. Although only a limited number are under the United States flag the above will clearly indicate to exporters, importers, and manufacturers that they need not hold back from entering the field on this account.

Mr. President, I am inclined to think that it would not be practicable for me to have this printed as a whole as a part of my remarks. But I ask leave that this pamphlet of some 11 pages, giving the report of the committee appointed by Secretary Redfield, entitled "Latin American Trade," be printed as a public document. (S. Doc. No. 714.)

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. FLETCHER. It was printed for the Committee on Commerce, was it not?

Mr. BURTON. I think not. I think this print comes from the Pan American Bureau. There is no mark on it.



Mr. FLETCHER. No; but it says "Printed for the use of the Committee on Commerce." I think I have the same document the Senator has, entitled "Latin American Trade."

Mr. BURTON. Yes.

Mr. FLETCHER. It was printed for the use of the Committee on Commerce. That committee perhaps would not have many copies, and I have no objection to having it printed as a document.

Mr. BURTON. I believe the Senator from Florida will agree with me that it is one of the most valuable documents on the subject of foreign trade that was ever printed at any time.

Mr. FLETCHER. I think it is quite a valuable document. I had that impression and it was for that reason the committee had it printed.

Mr. BURTON. I fancy there will be no objection to a revocation of the order made that it be printed. The more I think of it the more I think it impracticable to separate it from my remarks. The reporters will in any event have to insert it just as it was read, with the interruptions.

There is one point with regard to the trade with South America that I do not seem to have touched upon, and that is the diversity of that trade by reason of the production of both tropical fruits and of those of the Temperate Zone. Of course, it must be borne in mind that different conditions prevail in our trade with tropical countries from those which will prevail in Argentina and countries in the South Temperate Zone. In one case those of the South Temperate Zone are competitors of ours and they buy of us only such articles as machinery, agricultural implements, and so forth, as we can furnish to an advantage in comparison with other countries. In the other case, that of the tropical countries, our trade is very largely increasing.

One of the most remarkable features, not only in our trade but in the trade of other countries, has been the increased consumption of the tropical products. When the tariff act was pending here the Senate Committee on Finance inserted in the bill a provision for a duty on bananas. I thought that most unwise. Not only was it the food of a large class of our population, but trade was growing enormously in this article with certain Central and West Indian and South American countries, and it would impose an objectionable restriction. I am glad to say that, although this amendment was adopted by a very slim majority—I think by only 2 in the Senate—it was left out in conference, and no duty is imposed under the existing law.

This is but one illustration of the increase in the use of tropical and subtropical products in the United States, which is sure to increase the importance of our commercial relations with those countries of South America which furnish these fruits and products.

In this connection, Mr. President, I will read to the Senate an article on South America by a gentleman who formerly was in the Consular Service but now is the agent of the Lloyd Brasileiro in New York City. I read this particularly because he not only is thoroughly familiar with the situation but dwells upon the preference of the shippers in this regard. It has been alleged all along that, as a matter of course, the boat owners are opposed to this bill. The fact of the matter is that some of them are not. They rather like the idea. They think the Government will go into the business and find the results so disappointing that in a little while they will want to charter the boats or sell them, and then there will be an opportunity better than the bargain counter.

But it is maintained that a Government-owned line would benefit the shippers—those who have freight to forward. Mr. President, I think you will find that shippers very generally are opposed to this bill also. Indeed, I have known of no petitions of shippers coming in here in favor of this measure.

This communication is addressed to Hon. J. W. ALEXANDER, Committee on the Merchant Marine and Fisheries, House of Representatives, dated December 31, 1914:

MY DEAR JUDGE ALEXANDER: You may recall that I was among those who testified before your committee about two years ago, concerning the steamship combination in the trade between Brazil and this country. It occurs to me that possibly an analysis of certain features of the present shipping question might serve some advantageous purpose before your committee. Permit me first to make clear the exact relation of my company to the present situation. I represent the Lloyd Brasileiro in the United States. My company is owned and operated directly by the Federal Government of Brazil. Since the beginning of the war we have increased our service, both with Brazilian tonnage and neutral vessels which we have chartered. Our situation is radically different from that of most steamship companies, in that this concern is not only a carrier but a very large shipper.

I have already, Mr. President, called attention to the fact that especially in the trade with South America the business of

the merchant or shipper is in many instances sometimes of necessity combined with that of the shipowner:

Since August we have shipped so largely for our own account that the total of our purchases for export has, in point of tonnage, exceeded the total shipments to Brazil of any other three exporting concerns. We have, therefore, a direct and vital interest in the reduction of freight rates, at the same time that we are interested, as carriers, in the increase of such rates. In other words, what we particularly desire is to obtain tonnage for charter at rates which will permit us to operate the same at a profit and at the same time obtain cheap transportation for our own exports.

Of coal alone we have exported 50,000 tons for our own account and have 20,000 tons ready to move, for which we can not obtain the necessary vessels at rates which will permit us to ship the coal. Neutral tonnage which we have had chartered at \$8,000 per month is not now available for recharter at less than \$18,000 per month. In spite of this fact, we are continuing to carry practically all cargo offered by outside shippers for shipment to Brazil, using therefor our own vessels and in some cases even chartered ships rather than refusing the cargo to provide space for our own exports.

No doubt the question will arise as to how we would fare in this respect if there were American bottoms available for charter. In answer to this query I will state that at the time when rates were still low, when we could obtain a given vessel at the rate of \$8,000 per month, it was a common experience to have owners of American vessels offer tonnage almost exactly the equivalent of the other neutrals which we were chartering at \$25,000 per month. How is it conceivable that now, with an unprecedented demand for tonnage of all descriptions, vessels flying the American flag, no matter how many may be obtained within the present year, could be obtained at rates below those being paid for British, Norwegian, or Dutch freighters? I will state at once that I believe it to be ridiculous to suppose that any possible contingency could bring about this result within a period when help will be most needed. To approach the subject with the assumption that a greatly increased American merchant marine is to be operated, either directly by the Government or under its immediate control as regards the fixing of freight rates, it is at once obvious that some very important issues will require consideration.

First. Where are the vessels to be obtained? If they are to be purchased from neutral countries and operated at rates below the market, those remaining under foreign flags will obtain still higher rates. If they are to be built, at least a year will be required to enable all existing American shipyards to turn out 50 freighters of 7,000 tons capacity. If they are to be purchased from German owners, from among those now interned in our ports, not to exceed 25 per cent of such interned vessels will be found available for general freight service, and what is a great deal more vital, diplomatic questions of the greatest import will surely arise with England and France.

In this connection I want to call the attention of the Senate to what I am satisfied is a widespread misapprehension in regard to these German ships interned in our ports. Some people seem to have the idea that they can all be used to any part of the world, that the Government can buy them and use them. To begin with, there is the *Vaderland*, with one exception the largest boat ever built in the whole history of shipbuilding. She could not be kept in service except with an enormously large passenger traffic. She carries, crew and all, 5,000 people. Fancy buying that boat to send down to Rio de Janeiro, where the last boat that came in had 26 passengers. The whole list of those interned in our ports, as has been recently given—I will either read it or have it printed in the Record—is largely made up of boats that are suitable only for passenger service, and an expensive passenger service as well, where there is a large percentage of persons asking for expensive accommodations:

Second. If obtained, where are the vessels to be operated? Are they to be placed in trades where the extraordinary demand has forced rates from one-fourth of a cent per pound on cotton to 3 cents per pound?

I can fill this page with the names of ordinary cargo vessels now operated on the trans-Atlantic which are earning for their owners from a fourth to a half of the vessel's value in one voyage from the United States to Europe. Is it probable that owners having available tonnage will now be willing to dispose of these vessels at reasonable prices? In spite of the lack of men in shipyards and the extraordinary rush now on in England for warship construction, vessel operators in Great Britain in one week recently placed orders with builders on the Clyde alone for 30 large freighters. This will indicate more clearly than any argument how great is the demand for tonnage and how difficult it will be to obtain it for prompt service under any circumstances whatsoever.

Mr. CLARK of Wyoming. Mr. President, will the Senator from Ohio yield to me for a question?

Mr. BURTON. Yes.

Mr. CLARK of Wyoming. Going back to the item of which the Senator was previously speaking, I ask him if we have any information which is accessible as to the amount of tonnage that might be available to purchase or charter under this bill if it becomes a law, or have we a statement as to the number and tonnage of the ships of belligerents now interned in our ports?

Mr. BURTON. I will offer such a list before I conclude my remarks this evening.

Mr. CLARK of Wyoming. I think it would be very illuminating.

Mr. BURTON. I think less attention, perhaps, has been paid to this list because it has been taken for granted that boats would be seized if they engaged in the trade, whether they were in Government ownership or owned by private parties.



As to other boats, I suppose this very line about which I am reading could perhaps be purchased.

Or is it proposed that vessels to be obtained are to be operated in trades where the demand is not so great; let us say, for example, in the trade to South America? Operators of tonnage to South America can readily prove to the satisfaction of your honorable committee that the rates now ruling on freight to all South America are barely sufficient to remunerate them in the operation in those trades of 7,000-ton vessels, for whose charter they have been paying, say, \$8,000 per month. These same vessels can not now be obtained for twice that amount, and their purchase price has risen proportionately. Will the Government obtain vessels at such rates and then still further reduce rates to South America, in competition with existing companies trading to that part of the world? The same condition exists in routes to Africa, Australia, and the Orient.

Mr. President, all the persons who are operating ships at this time are not of the type to which reference is sometimes made as "bloated capitalists." A considerable number of those who have engaged in the shipping trade—and with a purpose which at this time is little less than patriotic—to carry American products to foreign lands and to increase our export trade have leased ships at the very top notch of the rates in the market, and have leased them for a considerable time. Those who have taken out such charters on boats are compelled, at least for the time, to realize these high freight rates or else they will go bankrupt.

In the first place, I think that that should disarm anyone from hastily criticizing the rates charged, and, in the next place, what is the Government going to do about it? Is it going to go into this business and so manage rates that it will ruin these men? Is that the fair function of this Government? If so, we are hearing something new under the sun.

If the Government goes into this business because prices are high, if the Congress and Government officials shut their eyes to facts that are as plain as day, which have caused this demoralized condition and the large increase in rates, is that going to be a precedent whenever anyone takes it into his head that prices are getting too high—for the Government to go into other lines of business, of manufacture or merchandising or the raising of some particular farm product?

Every measure that is before this honorable body is not only very important in itself, but it is important for the precedent that it creates; and I do not wish to leave this line of inquiry without asking my Democratic colleagues to beware the example they will set if they pass this bill, which is contrary to every principle laid down by the great leaders of the Democratic Party in the past; contrary to the idea that that government governs best which governs least; contrary to the idea that a bureaucracy—as it is called in an article by the present President of France, a parasitical bureaucracy—is a bad thing for a government; contrary to the idea that has been universally maintained, that it is better to maintain the individuality, the initiative of each individual in the body politic, in order to build up a nation which shall be great and strong—great and strong because its individual units are independent and ready to meet any situation which may arise.

Mr. CUMMINS. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Iowa?

Mr. BURTON. I yield.

Mr. CUMMINS. What the Senator from Ohio has suggested leads me to propound to him an inquiry. This bill proposes the organization of a private corporation. The only influence that the Government can exert over the corporation is in the election of directors, I assume. When those directors are elected and are thus put in charge of the corporation they in turn select officers who are to operate the business of the corporation. When that corporation comes to fix rates, concerning which the Senator from Ohio has just been speaking, how would the Government control such rates except through the indirect influence which the knowledge that they might be turned out at the end of a year might work upon them? In other words, this corporation fixes the rates, but the Government does not fix the rates. We, as a Government, have no more authority over the corporation than we would have if the corporation had been organized entirely with private capital.

I should like to have the Senator's view with regard to either the propriety or the power of entrusting to a corporation of that kind, organized in that way, the authority to regulate the commerce in which the corporation may be engaged by fixing rates of transportation.

Mr. BURTON. Mr. President, it would seem to me altogether inefficient and disastrous. As the Senator from Iowa has stated, the only influence that the Government would have over the directors would be indirect. They would feel that they owed their election to the shipping board of three members, but, even when you reach the authority of these three men, of course

they are not the Government—they are the agents of it. Their action is not determined by the ordinary processes of law, by the passage of legislation. The first attempts to fix rates were by direct legislation. Later, the conclusion was reached that the subject involved so much detail that the authority could better be vested in a board or commission.

At present rate fixing is very largely in the hands of commissions, in the various States as well as under Federal authority; their powers are, however, definitely limited by legal enactment.

Mr. CUMMINS. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield further to the Senator from Iowa?

Mr. BURTON. I do.

Mr. CUMMINS. What the Senator from Ohio has just said is entirely true, but the commission to which we intrust the power exercises a quasi legislative authority and performs a legislative act in determining what the rates shall be, although it has some of the aspects of a judicial function as well. The difficulty with the bill now under discussion is that you do not give to the shipping board any authority to fix rates. We can not, as the representatives of a stockholder in a corporation of this sort, give to the shipping board any authority to fix rates. If we confer upon anybody the power to fix rates for the Government we will be compelled to confer it upon this corporation, and we will then be met with the astonishing situation in which the Government of the United States attempts to give to a private corporation the authority to fix rates in order to regulate commerce with foreign nations. I do not understand that we have either the constitutional authority to confer that power or that it would be wise to confer it if we had such authority.

Mr. BURTON. Certainly, Mr. President, to say the least, it is exceedingly incongruous.

Mr. COLT. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Rhode Island?

Mr. BURTON. Certainly.

Mr. COLT. The Senator from Ohio is dealing with the subject in a most exhaustive way, and it may be that he has dwelt upon the particular inquiry I have in mind, namely, what would be the status of these ships? Would they be Government-owned ships or private-owned ships? Suppose that the title to these ships were conveyed to a corporation in which the Government owns a majority of the stock, or it may be the whole of the stock, would that fact from the standpoint of international law change the status of the vessel from a Government-owned vessel to a private-owned vessel? I do not know whether the Senator has dwelt upon this point.

Mr. BURTON. There has been some little discussion of that subject. But first answering the Senator from Iowa—

Mr. COLT. I was going to say that, from the international standpoint, I think it is a very important inquiry, whether, looking at these ships from the standpoint of their real ownership and brushing aside the fiction of a corporation, and especially if they carried mail, they would not be considered Government-owned ships. It is apparent that this is a governmental scheme of ownership; it starts with an appropriation of millions of dollars by the Government for the purpose of establishing a merchant marine to be controlled by the Government. How then can we escape the conclusion, from the standpoint of international law, and especially if the vessels carry mails, that they will be regarded as Government-owned vessels and therefore subject to the international rules of law which apply to Government ships and Government property as distinguished from private ships and private property?

Mr. BURTON. I will come to that in a few moments.

Mr. NELSON. Mr. President—

Mr. BURTON. Just a moment. I should like first to conclude the branch of the subject which I was discussing. In the situation suggested by the Senator from Iowa, how you are going to elect directors in this most extraordinary corporation I do not understand. I think practically every State in the Union has a provision requiring directors in corporations to be stockholders. It goes without saying that a director must be an individual; that is, a person.

Mr. NELSON. In that connection I want to ask the Senator a question, and suggest to him that there is, so far as I know, no Federal law under which this proposed corporation can be created.

Mr. BURTON. No.

Mr. NELSON. The only Federal laws we have in relation to Federal incorporations are those affecting national banks. There have been some special incorporation acts relating to the Pacific Railroad, but those acts are, as it were, *functus officio*,



because they covered special cases and have long since served their purpose. Outside of that there are no Federal incorporation laws at all. Under this bill this corporation can be formed under the laws of some State or the District of Columbia, and we do not know, until we find out where the corporation is incorporated, what are the rules and regulations that will govern it. If it is incorporated under a State law, manifestly the State law will control the operations of the corporation. Then we have this situation, and that is the question I am coming to: We have a State law and State regulations that will regulate the operations of a corporation in which the United States Government owns the major part of the stock. Will not that lead to endless conflict between State authority and Federal authority?

Mr. BURTON. When the Government goes into the business of incorporating some of its functions and forms a corporation in a State, the State will have the control of that corporation and can make rules for its government. There is no doubt of that. It can impose on it such regulations as it sees fit.

To continue my remarks concerning the suggestion made by the Senator from Iowa [Mr. CUMMINS]—

Mr. NELSON. Will the Senator allow me one more question in that connection?

Mr. BURTON. Certainly.

Mr. NELSON. Would the Federal Government as a stockholder in such a corporation, organized and created under the laws of a State, have any greater right than any other stockholder because of the fact that it was the Federal Government instead of a private individual that was a subscriber to the stock?

Mr. BURTON. I think not, because privileges and duties are incident to stock ownership, and you can not create different classes of stockholders.

It would be necessary to have some one go outside of the 51 per cent of stock owned by the Government and buy a part of the 49 per cent of stock remaining in order to qualify as a director. The three members of the shipping board would vote the 51 per cent, and they would have an overwhelming preponderance, perhaps, in the voting; but that does not make them or anybody else eligible as director. To be eligible they would have to buy a part of the remaining 49 per cent of the stock to be taken by private subscription. Just consider the absurdity of the proposition in the first instance. You own 51 per cent of the stock, and yet you have to acquire part of the remaining 49 per cent in order to be able to qualify as a director.

The probability is that they would buy just a few shares each. Suppose the unexpected should happen, and private stockholders should buy the balance of the 49 per cent. Of course they would have representation on the board. It would not be fair for the Government of the United States to follow the reprehensible example set by some wicked corporations—making use of the ownership of a bare majority of stock to elect the whole board of directors. They would have to give the other stockholders representation. Suppose there were four directors in the interest of the Government and three in the interest of the minority stockholders. According to the regulations of some of the States, they would have to permit minority representation on the board of directors.

Mr. NELSON. Mr. President—

Mr. BURTON. I will yield to the Senator from Minnesota in just a moment. Just see what a situation would develop. There would be four men, perhaps, under the domination of the shipping board and three men looking out for themselves, one group desiring low rates, the other desiring high rates. If the history of corporate management is to be repeated, it is very likely that those three would draw one of the other four over to their side, and they might raise the rates beyond reason, or do anything which was in the interest, not of the Government, and not of the people, but of those who owned the 49 per cent. The whole thing, Mr. President, is so unnatural that, to me, it is almost inconceivable.

The point made by the Senator from Minnesota eliminates the plan of Federal corporation from consideration. The only general Federal laws that we have dealing with incorporation are the statutes under which national banks may be established. So far as I recall, there are no others. There have been repeated instances where persons have appealed to Congress for a private act of incorporation, and we would have to pass such an act or else incorporate under the laws of one of the States or of the District of Columbia.

Mr. NELSON. I should like to ask the Senator a question for information. Assuming that the Government invested this \$40,000,000 in shipping, what proportion would the Government's tonnage be of the aggregate tonnage afloat in the inter-

national trade, eliminating from that the German tonnage that has been withdrawn and the tonnage withdrawn by the other belligerents on account of the war? Take the tonnage as it is to-day. What percentage of the total tonnage that is afloat to-day would this tonnage purchased with \$40,000,000 be?

Mr. BURTON. I do not know that I can say in exact figures. But a rough estimate of the value of the mercantile marine of the United States is \$560,000,000, and \$40,000,000 would be one-fourteenth of that amount. That shows what a trivial amount of tonnage could be acquired for \$40,000,000. The Senator from Minnesota, though, understands that there is absolutely no limit to the amount of stock subscription under this bill.

Mr. NELSON. No; but assuming that, I am following it up with another question that is perfectly germane. Assuming that they do not exceed the \$40,000,000 investment in new shipping, the proportion of that shipping to the world's shipping that is now in active use would be scarcely 1 per cent, would it?

Mr. BURTON. I should say it would be rather more than that.

Mr. NELSON. Would it exceed 3 per cent?

Mr. BURTON. I can not say exactly, though I should say not.

Mr. NELSON. Then I will follow that up with another question; and in order to show what I mean I will read from the report of the majority of the committee on this bill:

This legislation, so far as it permits the control of ocean freight rates by transportation in vessels under Government direction, is in line with all recent rate legislation. It permits that to be done at sea which we have long done at home, and provides for the ocean carrier what we long ago provided for the common carrier on land.

Can the Senator conceive how the limited amount of shipping that we can acquire under this bill, assuming that \$40,000,000 is the amount, can control the ocean rates among the multitude of existing foreign vessels?

Mr. BURTON. I spoke of that yesterday, and I then stated that the Government-owned vessels would be used for favored products or favored localities, and that the general public would not be benefited by their operation. It would naturally be expected that this shipping corporation would reduce rates to a very low figure to carry cotton or wheat or some other product. Could not the shippers of meat and of oil and of iron and of steel complain, "We are not having a square deal in this matter"? Suppose these boats were sent out from Boston alone, or from Galveston. Might not every other seaboard city say, "You have, at the cost of the people of the United States, acquired certain steamships; we are getting no benefit from them; they go exclusively from one or two ports"?

Where would any advantage accrue to the public if these vessels were run at a loss? They would not reduce the rates on the rest of the traffic. The only persons who would benefit would be those so fortunate as to live in the cities from which the boats would sail or who were so fortunate as to own the products which the boats would carry. The situation would be similar to that which existed 30 or 40 years ago, during the railroad wars. A railroad paralleling another and competing with its would reduce rates on some commodity or lower all rates for a certain time. A few persons, usually the big shippers, would ship their products at such times. Before long the rates would be restored to normal again. Who secured this profit? Not the consumer of the product that was shipped, but the owner of that product—the packer, or whoever it might be—who gained the benefit of a sporadic, exceptional rate. Exactly the same condition would arise under this shipping plan with the conditions as suggested by the Senator from Minnesota, in which only a small part of the traffic is carried by Government ships, and that probably only occasionally.

Just as the shipment by railroads at the time of these rate wars constituted only a comparatively small share of the traffic and the benefit was secured by the few favored shippers, so under this plan of a Government-owned line the favored few and not the people at large would get the benefit of the low rates.

The question presented by the Senator from Rhode Island [Mr. COLT] is one to which some little attention was given the first day this bill was discussed. That is, suppose the Government of the United States as a part of its policy with reference to shipping decides to become a stockholder in a corporation and passes a law authorizing its representatives to take the majority of stock in that corporation in the first instance and to subscribe for the balance if it is not taken by private parties.

Suppose, further, it provides that the bonds of the Government, which are restricted to purely governmental purposes, may be issued to the amount of \$30,000,000 and ships purchased for that amount and those ships turned over to this corporation under certain restrictions, such as that the boats shall not be sold except by the direction of Congress, and that they shall



not be leased except under the direction of the shipping board, and giving certain rights to the shipping board and to the President. You have, on the one hand, a corporation owning the ships just like any of our steamship lines. You have a corporation with all the rules pertaining to that corporation. It must be organized within a State and must conform to the laws of that State. On the other side it appears that this is but a form, that it is a method which the Government adopts to carry out a certain purpose, namely, the buying and operation of ships which it is supposed are to be purchased and operated for a public purpose. While it is not exactly clear, I think we may say that an emergency is given as the reason for this proposal.

The situation presents some confusion; but I should incline to the opinion that these boats, so far as detention on the sea is concerned, would have a dual capacity. If they are carrying private goods, if they are engaged in the same business as private ships, they can be overhauled just like any private ships. They would have no more rights under international law than any other ships. But if they are engaged in carrying mail or a purely governmental purpose—and it has been held that the incidental carrying of a certain amount of passengers and of freight does not take away that quality if the main purpose is that of a mail vessel—then they would have all the immunities of a Government vessel. But does that put them on a different footing from any private ship?

Mr. COLT. I should like to ask the Senator, if the 49 per cent of the stock is not subscribed by private individuals, and the Government actually owns all the stock, will not these ships be in fact Government-owned ships under international law?

Mr. BURTON. The Senator from Rhode Island, who is a most excellent and experienced lawyer, can answer that question quite as well as I. Is there a difference between the two cases—in one the Government subscribing only 51 per cent, and in the other the full 100 per cent? Is the infusion of a certain amount of private ownership going to alter the situation? Is not the real question whether there is a difference between this form of ownership by a corporation and ownership by the Government directly?

Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER (Mr. BRYAN in the chair). Does the Senator from Ohio yield to the Senator from Iowa?

Mr. BURTON. Certainly.

Mr. CUMMINS. I think it is possible the Senator from Ohio, in answering the inquiry of the Senator from Rhode Island [Mr. COLT] has overlooked one of the provisions of the bill itself. The question in so far as it can be disposed of through a congressional declaration is disposed of in the bill.

Mr. BURTON. That is the Stone amendment?

Mr. CUMMINS. It is in the substitute which is now pending. The bill specifically declares that all these ships, no matter whether the Government owns a majority of the stock or all the stock, shall have the status of privately owned ships, shall be entitled to no greater rights in charter or on the sea than though they were owned by a private corporation. I think you will find that direct information in the bill.

Mr. BURTON. That is an amendment proposed, I believe, by the Senator from Missouri [Mr. STONE], which aims to give to these boats the same status as privately owned ships. In some relations of these boats that would be conclusive, but in others it would not. You give them a certain status by the mere fact that they are owned by the corporation whose creation was instituted by the Government. It seems to me that no declaration of this kind can do away with that fact. You might as well paint a mule and write below "This is a horse." You can not make these boats the same as privately owned boats by any mere legislative declaration. In the treatment that they would receive in the prize courts, possibly in the irritation that would be caused if one of them violated the law, in the danger of a diplomatic rupture and quarrel between nations there are certain features which pertain to these boats which could not possibly pertain to privately owned ships.

Mr. CUMMINS. I do not want the Senator from Ohio to understand that it is my opinion that the mere declaration in the bill can change the fact. I take it that the declaration would be effective whenever we sought against any foreign nation to assert any claim on account of one of these ships, but if a foreign nation should complain to us of the action or conduct of any of the ships we could not shield ourselves behind the declaration that we make in the bill, that they are to be regarded as privately owned ships. So in making that declaration we are limiting ourselves in some rights that we might otherwise claim, but we are not protecting ourselves against any right which a foreign Government might assert against us.

I did not want the Senator from Ohio to feel that in suggesting the presence of that declaration in the bill I was of the

opinion that it would change the fact if the conduct of any one of these ships ever came in question between ourselves and a foreign Government.

Mr. BURTON. Suppose, for instance, contraband should be found on one of these boats, could the Government of the United States be in quite the same position as in the case of an absolutely private-owned boat, and could it say, "Oh, we passed a statute that these should be regarded as private vessels—that is, a private ship—and the Government of the United States is in no way responsible for it?" I do not think we could make that claim valid.

Mr. FLETCHER. I will suggest that section 5 of the bill contains the provision the Senator from Iowa has suggested. Section 5 covers the point that they may be entitled to American registry and have the same rights as vessels of the United States.

Mr. BURTON. The difficulty about that, Mr. President, as I have already stated, is that by no legislative declaration can you change the essential nature of this transaction. You can not ignore the legislation creating this corporation and providing that the Government of the United States should use its credit and its character for ships that are to be turned over to a corporation of this kind. I see in section 5 the provision that they "shall be entitled to registry under the laws of the United States and shall be deemed vessels of the United States and entitled to the benefits and privileges appertaining to such vessels, except such vessels shall engage only in trade with foreign countries or with the Philippine Islands, the Hawaiian Islands, and the islands of Guam and Tutuila."

I wish now to continue reading from the article by Mr. Slechta.

Assuming that it is intended to operate vessels in the trades last mentioned, who, the public asks, is to make up the deficit? If they are to be operated on routes to Europe, what will become of this tonnage when the demand now existing in those trades has fallen away, as it surely will? Granted, for the sake of argument, that the demand will continue as great for two years. By that time England, Norway, and Holland will have put on enough new tonnage to reduce the owners' earnings to a reasonable figure. And when an English owner's earnings are reasonable, there is no earning at all for an owner operating American tonnage under existing conditions in our laws and regulations.

I am convinced that not only the public but your honorable committee and other Members of Congress are not familiar with the causes which have brought about the present abnormal conditions in shipping. Red Cross and other relief organizations have alone taken enough tonnage out of the market to have an appreciable effect upon the steadily advancing rates for steamer hires. Shall we desist from such philanthropy in order to give more space to carry munitions of war and other supplies to belligerents? The British and French Governments have leased for a long period of time hundreds of the finest vessels afloat, using them for naval and army purposes. To cite some illustrations of how the thing has worked out: The Peninsular & Oriental Steamship Co. of Great Britain are owners of 60 large vessels, averaging about 8,500 tons gross capacity. Among this number are a good many fine liners normally employed in the Far East routes. Of the total number nearly 50 per cent, including all of the best vessels, have been leased by the British Government. The Ellerman-Bucknell Lines own and operate a total of about 125 vessels, averaging about 5,000 tons capacity. Their best vessels have nearly all been taken by the British Government, and the same is true of the 85 vessels owned by the Elder Dempster Line. Ocean traffic from England to Africa and the Far East has in no respect fallen off since the war began. What has been the result? The three lines mentioned, as well as scores of other lines of less importance, have had to replace the vessels taken by the Government with freighters either owned by them and normally leased out to others, or to charter similar vessels which they do not own and which are normally employed on trade routes to and from American ports. It is not at all a question of flag with those companies. They have, as a matter of fact, preferred Dutch and Scandinavian vessels to British, thus serving to increase still further the demand for neutral tonnage so much desired in our own trades. To a lesser extent this experience has been identical with that of the Cunard Line, White Star Line, French Line, Holland-American Line, and the several Italian lines.

Tonnage can not be created out of thin air. At present it is simply not available. We are ourselves suffering directly as a result of this condition. The writer has no motive other than to get at the facts in the matter. If there can be conceived any project by which the situation can be relieved, then I am for it; but it is impossible to believe that any measure yet presented to Congress on this question will serve the desired end. In one way, and one way only, can an American merchant marine be operated on a large scale advantageously. Abolish all existing laws on navigation. Let owners buy their vessels in the open markets of the world. There are vessels for sale on the stocks of United Kingdom shipbuilders at this moment. The prices are high now, but still lower than that for which American builders can or will build them. Let owners hire their officers and men in the open labor markets of the world. Then, and then only, will we have a merchant marine which can be operated without placing an additional and foolish tax burden on the American people.

In reading these various communications I desire to say that I do not necessarily approve of all the sentiments of their authors. I have presented three documents here. The address of M. Pezet, the Peruvian minister, which contains an excellent discussion of the feeling in South America toward us, the differences in tradition and race and political history which stand in the way of a more perfect understanding. I have presented also this article on Latin-American trade prepared by the com-



mission appointed by Secretary Redfield and, I suppose, in a measure under his direction. I regard that, as I have already said, as the most valuable contribution to the subject of trade in general, and particularly South American trade. Now I have quoted from this communication of Mr. Slechta, who has an exceptional familiarity with South American trade and expresses his opinion on all subjects related to the shipping business:

I can not close this communication without taking some decided exceptions to the conclusions reached in the report on this subject from the Department of Commerce to the Senate. Mr. Redfield objects to the operation of foreign tonnage in such a way as to net their owners the largest possible profits. Permit me to say that this is childishness in the extreme. Does Mr. Redfield propose to have the American Government control the 3,000 tramp steamers flying the British flag in such a way that only the interests of American exporters will be served, regardless of the owners' rights? That is what he says, in effect. This report betrays a woeful ignorance as to the causes and effects in the movement of international commerce. Has Mr. Redfield considered the fact that the high rates which now rule on shipments of wheat and other food products, for example, are decidedly an advantage to the majority of the American people? Were freight rates on wheat for export normal to-day, the exports of our wheat would so greatly exceed the amount available for export—that is, our surplus production—that there would be a shortage for our own people, and the whole population would pay extravagant prices for flour—higher even than they are paying to-day—for the privilege of enriching the comparatively few who produce wheat, and more especially the speculators in New York, Chicago, and Minneapolis who buy wheat for export.

Mr. President, I would like to obtain a diagram of the different views of this administration on this proposition of cost. It is impossible for anyone to show any consistency in the views of this administration about prices and rates. In the campaign of 1912 no promise was more frequently made to the American people by the Democratic Party than that the election of the Democratic ticket would reduce prices. The chairman of the State convention in the great State of New York, afterwards governor of the State, said if Woodrow Wilson were elected President of the United States high prices would virtually disappear "on the 4th of March next." Possibly in the heat and enthusiasm of the time it was not intended that that statement should be taken seriously, but there were many who believed it, and many voted for Woodrow Wilson because they thought prices would fall with his election and inauguration.

Now, any person who has given careful attention to this subject would know that with the world-wide increase in prices neither tariff laws nor the Republican Party was responsible for that condition. The people are to-day holding the Democratic Party responsible for failing to comply with a promise which they made in that campaign. The cost of living is as high now as it ever was, and if there is a falling off anywhere it is accompanied with a diminished prosperity. If the cost of an article in which labor enters largely is less, it means that workmen are out of employment.

It was said that prices would be lower if Woodrow Wilson were elected. They are not lower; if anything, they are higher. But now comes the President and complains that the farmer is not getting prices high enough. What does this mean? How under the sun is the farmer going to get high prices for his produce without somebody being compelled to pay higher prices?

It is only my friends on the other side, the party in opposition, who can go around telling the people two different things, saying to the farmers, "Your pork and your meat and your wheat should be as high as ever," and then the next day go into the cities saying to the denizens there, to workmen and others, "You are suffering from the pinch of the high cost of living, and we will relieve you; prices will be lower." I say that kind of a campaign, which offers happiness, joy, and hope to all, can only be carried on by a party that is in the opposition. I really think the promise was pretty effective in the last campaign and that a great many unthinking people believed it. Now, how are we to understand all this? Purchase ships, spend \$40,000,000, and operate them at a loss because the farmer is not getting enough for his produce. My sympathies have been with the farmer; he is entitled to come into his own; but wheat is selling at over \$1.40 a bushel in the Chicago market, a higher price than at any time for nearly 50 years—to be exact, 48 years; in 1866, I think, wheat sold for a little more. On the same day and in the same paper which chronicles the account of the necessity for buying ships, so that the farmer may get good prices, we read that the representative of a great consumers' union called on the President and asked him to put an absolute embargo on the shipment of wheat.

Well, now, will you not draw some diagram, will you not make some explanation, so as to make clear to an inquiring mind how you are reconciling all these things? I trust that will be done in the course of this debate.

I should be glad, though I fear it is hardly probable, if you would go back and read some of those old 1912 campaign speeches on lower prices, and then take up the price list which

prevails to-day; and show us, if you can, that the workingman, the man on a salary, or any of our citizens have gained anything in the way of relief from the high cost of living by this Democratic administration. But perhaps, for the present, it is enough if it be explained to us why there is talk of an embargo on farm products, to absolutely prevent their being shipped out of the country, because prices are getting to be so high, and at the same time we are told by the President himself that we must buy ships in order to get the farmers' products to market more readily, and thus increase demand and still further raise prices.

Mr. President, that idea will not bear analysis at all. There never was a time in the history of prices when it was clearer that the consumer paid the freight than it is that he does so right now. That is always the case when there is a deficient supply and sources that have usually furnished the market are cut off. If there were now several competing sources of supply, such as Russia, India, Roumania, Turkey, all the countries that furnish wheat, and if each had a normal supply, if the lines of trade were open and the freight rates were raised on wheat carried from the United States to Europe and not raised on the other lines, there would be some need of additional shipping. But in every case the freight rate is added to the cost in this country. Those people over there need wheat; otherwise why do they import it? Why have they imported it in such great quantities? The price depends upon the demand the world over. When a certain price is fixed, the freight in addition to that price is paid by the buyer, and the farmer of the United States gets his full price. The freight rate on wheat is 1½ pence, or 3 cents, which would be very low. The farmer sells his wheat here at a normal price, and the consumer on the other side must pay 3 cents additional. If the freight rate is 10 pence, or 20 cents, the consumer likewise pays it on the other side. So there is nothing in that contention to show that we must have a line of ships owned and controlled by the Government in order to help out the farmer in this emergency.

I do not believe the farmer is asking for this line. I find it difficult to find any man who understands the situation who is asking for this line outside of those who have seemed to adopt it as a political policy.

Before I am through I wish to have read a communication from the Board of Trade of New Orleans setting forth their views on this measure. If there is any one city in this broad Union which has complained of high freight rates, if there is any locality where you would think they would need such a bill as this, it is that city at the mouth of the Mississippi, where cotton is shipped on so large a scale. But they condemn this proposed legislation in unqualified terms. Mr. President, perhaps while I am on this subject—I have strayed somewhat from the line of argument which I had pursued—I would ask to have the paper read right now. As I have not before asked to have any document read, I should like to have this read from the desk.

The PRESIDING OFFICER. Without objection the Secretary will read as requested.

The Secretary read as follows:

Resolutions adopted by the New Orleans Board of Trade (Ltd.), protesting against the proposed legislation providing for Government ownership and operation of merchant vessels in the foreign trade of the United States, December 29, 1914.

Whereas a bill known as H. R. 18666, providing for the Government ownership and operation of merchant vessels in the foreign trade of the United States, now pending in Congress, was considered at a meeting of the executive committee of the New Orleans Board of Trade under date of September 17, 1914, and an informal resolution was adopted protesting against the passage of such bill, which resolution was formally approved by the board of directors of the Board of Trade under date of October 14, 1914; and

Whereas no formal resolution was adopted by the board at that time because of the belief that the bill was so unwise that it would not be pressed, it is now considered advisable, in view of the present activity of President Wilson, to bring about the passage of said bill, that the New Orleans Board of Trade do now go on record with the following formal resolutions; and

Whereas by the provisions of said bill a shipping board, composed of the Secretary of the Treasury, Postmaster General, and the Secretary of Commerce, may subscribe to the capital stock of any corporation now or hereafter organized under the laws of the United States or any State thereof or the District of Columbia for the purpose of constructing, maintaining, and operating merchant vessels in the trade between the United States and foreign countries under certain prescribed conditions; and

Whereas said proposed legislation has met with the almost universal condemnation of the press as being unwise, unnecessary, unprofitable, and a dangerous undertaking for our Government: Therefore be it

Resolved, That the New Orleans Board of Trade (Ltd.) voice its emphatic protest against legislation of any such character, and submit for the consideration of its Senators and Representatives in Congress the following points:

1. It would be a startling and dangerous step toward socialism; and if the Government succeeded in starting on a small scale, it is difficult to foretell to what extent this dangerous precedent might lead.



2. There is no necessity for it, as there is quite a sufficient number of vessels in operation at the present time to take care of our commerce to Central and South American countries; and while there is probably, a temporary scarcity of tonnage to Europe, this will be relieved as soon as the war is over.

3. The passage of such legislation would be entirely inadequate and inefficient to create an American merchant marine, as, if the Government were to subscribe the full amount of the capital stock of \$10,000,000 to a single corporation and then issue \$30,000,000 in bonds, it would not add more than 40 or 50 ships to our merchant marine.

4. The enactment of such legislation would be a serious blow to our American merchant marine, in that it would destroy the initiative on the part of private capital, and no one would think of attempting to build, buy, or operate merchant vessels in competition with the United States Government, and the privately owned vessels which are now under the American flag would, in our judgment, diminish to such an extent as to actually reduce the aggregate tonnage of the American merchant marine rather than increase it.

5. Such legislation, it would appear to us, would be dangerous, on account of the possibility of international complications, because of the present war in Europe, in that any vessels purchased by the United States Government from German, English, French, Russian, or Japanese interests would be looked upon with suspicion by the opposing belligerent forces, and more than likely cause serious complications to arise.

6. It would, further, cause international complications in the matter of the shipment of supplies, as if any contraband of war were found on board any Government-owned vessels, or those of any corporation in which the Government had stock ownership, the belligerent nations would have a perfect right to consider it an unfriendly act on the part of the United States Government, and probably involve the Government in war. This would not be true of private interests, as if a vessel owned by a private corporation, but sailing under the American flag, or any other flag, should be found with contraband of war on board, the vessel or cargo, as the case might be, would be subject to seizure or taken as a prize, and the controversy would be between the belligerent nation and the shipowner, and not the United States Government.

7. We do not believe it would be a business proposition for the Government to engage in the steamship business, as, in our judgment, it would prove an expensive failure, and we seriously doubt if, after the Government had taken 51 per cent of the capital stock of any corporation organized for the purpose of taking advantage of this bill, individuals would take the other 49 per cent. It is a well-known fact that the operation of the Panama Railroad steamers from New York has proven an expensive undertaking for the Government, notwithstanding they were in a better position to provide these ships with tonnage and passengers than any private corporation.

8. In conclusion, we consider it ill-advised legislation, and believe that the proposed bill should be withdrawn from the calendar of Congress, and that the attention of the Merchant Marine Committee be more directed to such revision of our obsolete navigation laws as will bring them in line with the laws of Great Britain, France, and Germany, which, when done, will, we believe, relieve the situation and restore the American merchant marine to the seas through the means of private capital. Be it, therefore, further

*Resolved*, That a copy of these resolutions and arguments be sent to the President of the Senate, the Speaker of the House of Representatives, the chairman of the Merchant Marine Committee in the House, and to our Senators and Representatives in Congress from Louisiana, and the United States Chamber of Commerce.

NEW ORLEANS BOARD OF TRADE (LTD.),  
J. D. HARDIN, President.

Attest:

H. S. HERRING, Secretary.

Mr. STONE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Missouri?

Mr. STONE. Mr. President, I thought the Senator had yielded the floor.

Mr. BURTON. No; I have not concluded.

Mr. STONE. Just a moment, Mr. President. The Senator took his seat.

Mr. BURTON. Only while a document which I sent up to the desk was being read.

The PRESIDING OFFICER. The Chair does not understand that the Senator from Ohio yielded the floor.

Mr. STONE. I think a Senator surrenders the floor when he takes his seat. The nineteenth rule provides that a Senator who desires to speak shall rise and address the Presiding Officer.

Mr. GALLINGER. Which the Senator from Ohio did. The Senator perhaps remembers that Senators—

Mr. STONE. Mr. President, I have the floor at this moment.

Mr. GALLINGER. The Senator will not yield?

Mr. STONE. No; I will not yield until I have finished.

Mr. BURTON. Mr. President, what do I understand this proceeding is?

Mr. STONE. I make the point of order that I am entitled to the floor myself in my own right. I rose and addressed the Chair.

Mr. BURTON. I do not so understand. I do not wish to yield the floor, Mr. President.

Mr. STONE. I make the point that the Senator did yield the floor, and I wish to read—

Mr. BURTON. Do I understand the Chair to make a definite ruling that I have not the floor?

Mr. CLARK of Wyoming. I call for the regular order.

Mr. STONE. I am making a point of order.

Mr. CLARK of Wyoming. A point of order is not debatable. The PRESIDING OFFICER. The Senator will state his point of order.

Mr. STONE. Mr. President, in addition to the rule I have quoted, I read from Jefferson's Manual, page 92, which is the law governing this body.

Mr. GALLINGER. Part of it.

Mr. STONE. I read as follows:

When any Member means to speak he is to stand up in his place, uncovered, and to address himself, not to the House, or any particular Member, but to the Speaker, who calls him by his name, that the House may take notice who it is that speaks. But Members who are indisposed may be indulged to speak sitting.

Now, Mr. President, if the Senator from Ohio is sick, I am entirely willing that he should sit down to address the body.

Mr. BURTON. Mr. President, I feel that the Senator from Missouri ought to be assured that I am not sick or indisposed, either one.

Mr. STONE. Very well; then, I am willing to yield the floor to the Senator now, but I shall insist upon his observing the rules of the Senate and of parliamentary law as laid down by the authority which has been adopted by the Senate.

Mr. BURTON. Mr. President, this document seemed to be of unusual importance, and I desired to have it read at the desk. It took some five minutes. I was not averse to reading it myself, but I desired the additional impressiveness that it would have by being read in that way, and during that time perhaps I did sit down. However, the absurdity of saying that when a Member of this body is addressing the Senate and some document is being read he must in the meantime stand on his feet is too great to require any discussion here. The fact of the matter is, as the Senator from Iowa [Mr. KENYON] suggests, I do not think I took my seat except in a very qualified way. [Laughter.]

Mr. President, I now desire to read the protest of the Philadelphia Maritime Exchange against the proposed shipping legislation:

[Protest against the passage of bill H. R. 18666, providing for Government ownership and operation of merchant vessels in the foreign trade of the United States.]

THE PHILADELPHIA MARITIME EXCHANGE,

Philadelphia, December 31, 1914.

To the honorable the Senate and House of Representatives of the United States in Congress assembled:

This memorial of the Philadelphia Maritime Exchange respectfully represents:

First. That a bill (H. R. 18666) providing for Government ownership and operation of merchant vessels in the foreign trade of the United States is pending in the Congress of the United States.

Second. That by the provisions of the bill a shipping board, composed of the Secretary of the Treasury, the Postmaster General, and the Secretary of Commerce, may subscribe to the capital stock of any corporation now or hereafter organized under the laws of the United States, or of any State thereof, or of the District of Columbia, for the purpose of purchasing, constructing, maintaining, and operating merchant vessels in the trade between the Atlantic, Gulf, or Pacific ports of the United States and the ports of Central and South America and elsewhere, to meet the requirements of the commerce of the United States.

Third. That question is raised as to whether this proposed legislative action by the Government of the United States is justifiable and technically right, while the real question at issue is whether in the present emergency it is either necessary or advisable.

Fourth. That the advocates of the measure advance the theory that shipping facilities for the transportation of our exports abroad under existing conditions are inadequate, but appear not to accept the testimony of experienced and practical men that the present situation is due mainly, not to any extensive lack of vessels but to the present unstable foreign exchange operations, scarcity of foreign labor for handling commerce, and particularly to the high cost of marine insurance, and that with relief in these directions greater activity will follow and the present and future requirements of commerce amply met by private enterprise.

Fifth. That from an investment standpoint it could not be expected to appeal to the public. Although the men selected for the posts of Secretary of the Treasury, Postmaster General, and Secretary of Commerce are of the highest mental and moral attainments, it is not probable that they would be chosen especially because they were experienced in the ownership and operation of merchant vessels, to be successful in which requires long years of training and an intimate knowledge of every detail of the business.

Sixth. That under our system of government the personnel of these offices, with rare exception, changes every four years. It is not likely, therefore, that with such a flexible and uncertain management the public could even be tempted to invest its capital in an enterprise in the control of which it can for all time hold only a minority representation.

Seventh. That if this conclusion be well founded the proposed legislation would place the Government in direct and complete competition with a large number of our citizens who, with investments of many millions of dollars, are engaged in a business essentially private in character and readily controllable both by competition and governmental regulation.

No private enterprise, however capably and economically administered, where the management is accountable to its stockholders, can compete with the Government in the same industry, where there is no such accountability.

Eighth. That under the terms of legislation recently enacted by Congress providing for the transfer of foreign-built vessels to American registry, with necessary revision of our navigation laws to enable us to compete on equal terms with foreign shipping, instant impetus and a steady, wholesome growth should be given to our merchant marine, which, however, could not survive against Government competition.



The effect of this legislation should be fully demonstrated before any other is undertaken.

Ninth. That in dealing with this important subject the neutrality obligations of the United States should be seriously considered and any ground for criticism or even suspicion of our good faith avoided.

Tenth. That the Philadelphia Maritime Exchange, strongly advocating the upbuilding of the merchant marine of the United States, regards the provisions of bill H. R. 18666 as dangerous in the extreme, and is of the opinion that the ownership and operation by the Government of merchant vessels is a backward rather than a forward step, and will not only discourage but destroy all private initiative in the direction so earnestly desired.

Eleventh. For these reasons the Philadelphia Maritime Exchange urgently protests against the proposed measure being enacted into law.

[SEAL.]  
Attest:

THE PHILADELPHIA MARITIME EXCHANGE,  
By J. S. W. HOLTON, President.

E. R. HARWOOD, Secretary.

I place these two protests in the RECORD—one by a board of trade in a Southern State, perhaps the leading organization of that type in the South, and the other by the Maritime Exchange of Philadelphia, very prominent in its association with shipping in the Northern States. I will state, also, that the San Francisco Chamber of Commerce has protested against this bill; that the New York Chamber of Commerce, an institution founded before the Revolution, and the Boston Chamber of Commerce have also protested against this bill.

In several of the sections each of these documents—the one styled “resolutions” and the other a protest—set forth in succinct form the vital objections. In the fourth division of the Philadelphia Maritime Exchange protest, to repeat, it is said:

The advocates of the measure advance the theory that shipping facilities for the transportation of our exports abroad under existing conditions are inadequate, but appear not to accept the testimony of experienced and practical men that the present situation is due mainly not to any extensive lack of vessels but to present unstable foreign exchange operations, scarcity of foreign labor for handling commerce, and particularly to the high cost of marine insurance, and that with relief in these directions greater activity will follow and the present and future requirements of commerce amply met by private enterprise.

Perhaps in the course of my argument during the day I have omitted to give prominence to the very important factor of war-risk insurance. I dwell upon the others. This, however, is so obvious and so readily goes without saying that I conjecture that everyone here knows how important it is. Why, war-risk insurance ranges away up to 8 per cent or thereabouts, and that is more than the usual profit on a ship during the whole year. It is peculiarly severe when you take into account the fact that oftentimes the capital invested by the owners of a ship or a line of ships is very much less than the actual cost of the ships, because the owner borrows a very considerable amount—bottomry bonds, or whatever you may call them—reaching sometimes as much as 66⅔ per cent of the whole amount.

I will now resume the reading of the article submitted, which was originally intended to refer only to South America, but which pertains to the shipping trade generally. This is from the article by Mr. Schlechter. Speaking of the report by the Department of Commerce, he says:

The report attempts to use as an argument in favor of an American Government owned merchant marine the circumstance of high rates now ruling and the shortage of tonnage. This is, rather, an argument against any such proposition. I can supply your honorable committee with the names of American owned and American built vessels now in the European service which are earning on each trip to Europe a fourth of the cost of their vessels. Why do these same owners not order from our shipyards more such vessels for immediate construction? There was never a time during the past hundred years when aid for an American merchant marine was less needed. If it is anticipated that the present high rates are to continue, American owners should look forward with confidence to the employment of their vessels at a profit of from 25 per cent to 100 per cent per annum. Why should they require Government aid, or why should they not proceed to build on their own initiative? The question has already been answered in the preceding pages, but to summarize, I would point out that they do not feel confident of continued high rates. If it did not cost them so much to build here, they would build on a chance of high rates holding long enough to pay them a profit. Let them buy their ships, new or old, where they please and you will have a demonstration of alacrity on the part of American owners to buy and operate American tonnage that will surprise. The explanation is that, having an opportunity to again sell their vessels at a figure at least approximating what they paid for them, they will be willing to take the chance of operating them profitably for at least a period of months. But with the certainty that when normal conditions are resumed they can neither operate at a profit nor sell without suffering a loss of from 30 per cent to 50 per cent staring them in the face, no responsible operators will assume the risk.

Again, the report errs fundamentally in stating that American producers pay the cost of the high rates on freight now ruling. Any student of high-school economics knows that it is the ultimate consumer that pays the cost and not the producer. The whole issue is not as to how we may reduce the profits of the foreign shipowner, but how may we enable actual and prospective operators of American ships to reap the same or approximate profits when profits to the foreign shipowner are high. The records show that in the 10-year period ended with 1913, owners of tramp freighters flying the British flag earned an average of only a very low interest on their investments; to be specific, not more than 4 per cent. Would American investors be content with such an investment?

Right here in this statement we may find the chief reason why an American mercantile marine has not prospered. It is

regarded as a stable investment in England or Scotland when an individual or a company buys ships and operates them. They are content with 4 per cent interest. They can borrow on ships at 4 per cent interest, borrowing two-thirds of the amount. In this country, however, mortgages on ships are placed for a less percentage of the total value, the rate of interest is as much as 6 per cent, and the rate of profit with which investors are satisfied when there is an element of risk and uncertainty, as in the shipping business, is much higher than that. Consequently the American investor is not predisposed toward the building of ships. Four per cent, with the possibility of borrowing two-thirds of the value, in England 4 per cent as the profit of the investor and his dividends, as against 6 per cent that must be paid on the investment in this country, with an unwillingness to enter the venture unless the real profit is very materially higher, represents just the difference between a country in which a certain type of investment is regarded as secure and another where the investment has no established stability.

Your own committee, Judge ALEXANDER, is authority for the conclusion arrived at after your investigation of two years ago that no such thing as a general monopoly in ocean transportation exists. Yet Mr. Redfield asserts, after an investigation made in a few days by the department's agents—none of them experts even slightly familiar with shipping—that there is such a monopoly. I will not further trespass upon your time in the discussion of this report. The truth is that there is scarcely a sentence in the whole report which is not pregnant with misstatements and misconceptions of the actual facts. Conclusions are false drawn, even when they are not a priori. The whole array of statements is marshaled together to bolster up a conviction in the minds of the sponsors for the idea which was arrived at before any knowledge of the real facts was available to them.

I venture to assert that 95 per cent of the merchandise now exported from this country is shipped by those who are opposed to such an artificial interjection of Government aid in the foreign commerce question as is proposed. Exporters care little about how high the freight rates go. They are interested only in having as good a chance to get the business as the next fellow, and to have that they must have as good a rate as the shipper from other countries. If it is desired to obtain this for them, as far as is possible, then the worst way to go about it is to force them to use American ships, which can not hope to operate at a cost of less than 25 per cent more than the cost of operating British tonnage, 30 per cent more than Dutch tonnage, or 40 per cent more than Norwegian tonnage—

Mr. KERN. Mr. President—

THE PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Indiana?

Mr. BURTON. Yes.

Mr. KERN. I desire to inquire of the Senator from Ohio if he will yield to me to make a motion for a recess until to-morrow morning at 11 o'clock?

Mr. BURTON. As far as I am concerned, I have no objection. It does not mean that I lose my right to the floor. I do not lose my right to speak further?

Mr. KERN. Certainly not.

Mr. SMITH of Arizona. Then I ask unanimous consent that the Chair may lay before the Senate the amendments of the House of Representatives to Senate bill 5614, which passed the Senate unanimously and has now passed the House with slight amendments.

Mr. SMITH of Georgia. I should like to send to the desk, with the consent of the Senate, an amendment which I shall want to propose to the pending shipping bill. I ask that it may lie on the table and be printed in the RECORD, so that it can be seen to-morrow.

There being no objection, the amendment was ordered to lie on the table and to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. SMITH of Georgia to the bill (S. 6856) to authorize the United States, acting through a shipping board, to subscribe to the capital stock of a corporation to be organized under the laws of the United States or of a State thereof or of the District of Columbia to purchase, construct, equip, maintain, and operate merchant vessels in the foreign trade of the United States, and for other purposes, viz: Amend section 1 by adding, on page 2, after the word “share,” line 8:

“Provided further, That charters or leases of any vessel or vessels by such corporation, organized in pursuance of this act, in which the United States holds a majority of the stock, to any other corporation, firm, or individual shall not be made for less than 4 per cent of the value of such vessel, together with a charge of 5 per cent per annum for depreciation, and full insurance, and in no case shall such charters or lease to any one corporation, firm, or individual be of vessels in excess of \$5,000,000 in value, and in no case shall such charter or lease be made to a corporation, firm, or individual with capital less than 25 per cent of the value of the vessel or vessels so chartered or leased: And provided further, That such corporation organized in pursuance of this act, in which the United States holds a majority of the capital stock, shall in no instance operate any vessel except where the same can not be chartered or leased for operation to another corporation, firm, or individual, as provided for in this section, unless such operation is necessary to move the commerce of citizens of the United States.”

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House had passed the bill (S. 4012) to increase the limit of cost of the



United States public building at Grand Junction, Colo., with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the bill (S. 5295) to amend existing legislation providing for the acquisition of a site and the construction of a building thereon for the accommodation of the post office, United States courts, customhouse, and other governmental offices at Honolulu, Territory of Hawaii, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the bill (S. 5614) for the improvement of the foreign service, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the bill (S. 6309) to establish the Rocky Mountain National Park, in the State of Colorado, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 9584. An act to authorize the Secretary of the Treasury of the United States to sell the present old post office and the site thereof in the city of Jersey City, N. J.;

H. R. 15799. An act to provide for stock-raising homesteads, and for other purposes;

H. R. 17765. An act to regulate details of majors in the Ordnance Department; and

H. R. 18550. An act empowering and directing the Secretary of the Treasury to convey by quitclaim deed certain lands in the city of Akron, State of Ohio.

#### IMPROVEMENT OF THE FOREIGN SERVICE.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 5614) for the improvement of the foreign service, which were, on page 1, lines 9 and 10, after the word "require," to strike out all down to and including the word "longer," in line 14, and insert "Provided, That any such officer may be assigned for duty in the Department of State without loss of grade, class, or salary, such assignment to be for a period of not more than three years, unless the public interests demand further service, when such assignment may be extended for a period not to exceed one year, and no longer," and on page 4, line 1, after "detail," to insert "not exceeding \$5 per day."

Mr. STONE. I move that the Senate concur in the amendments of the House.

Mr. SMOOT. Just a moment. I understand that the handing down of this bill does not interfere with the right of the Senator from Ohio [Mr. BURTON], who is holding the floor.

The PRESIDING OFFICER. It is the right of the Chair at any time to lay before the Senate messages from the House or communications from the heads of departments.

Mr. SMOOT. I am perfectly aware that the Chair can hand them down and that they can be received with certain exceptions, but I did not want it to be applied to the right of the Senator from Ohio to the floor.

Mr. STONE. I ask that the Senate concur in the amendments.

The PRESIDING OFFICER. Does the Senator from Indiana withhold his motion for that purpose?

Mr. KERN. I withhold the motion.

The PRESIDING OFFICER. The Senator from Missouri moves that the Senate concur in the amendments of the House. The motion was agreed to.

#### ROCKY MOUNTAIN NATIONAL PARK.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 6309) to establish the Rocky Mountain National Park, in the State of Colorado, and for other purposes, which were, on page 4, line 18, after "beginning," to insert "all of said above-described tract now being included within the boundaries of the counties of Grand, Boulder, and Larimer, in the State of Colorado, is hereby reserved and withdrawn from settlement, occupancy, or disposal under the laws of the United States, and said tract is dedicated and set apart as a public park for the benefit and enjoyment of the people of the United States, under the name of the Rocky Mountain National Park."

On page 5, line 16, after "act," to strike out all down to and including "area," page 6, line 5.

On page 7, line 3, after "therein," to strike out all down to and including "therein" in line 4, and insert:

" : Provided, That no appropriation for the maintenance, supervision, or improvement of said park in excess of \$10,000

annually shall be made unless the same shall have first been expressly authorized by law."

Mr. THOMAS. I ask the Senator from Indiana to withhold his motion until I can move to concur in the amendments of the House.

Mr. KERN. Very well.

The PRESIDING OFFICER. The Senator from Colorado moves that the Senate concur in the amendments of the House.

Mr. SMOOT. May I ask the Senator what change the amendments make in the bill?

Mr. THOMAS. The description has been corrected a little, and the provision which devoted the proceeds from the concessions, privileges, and so forth, shall be used for the improvement of the park has been stricken out.

Mr. GALLINGER. I ask the Senator, Is this an additional national park?

Mr. THOMAS. Yes; a new national park.

Mr. GALLINGER. In the Senator's State?

Mr. THOMAS. In my State.

Mr. SMOOT. I ask the Senator where the proceeds from the park will go?

Mr. THOMAS. I suppose they will go into the general fund.

Mr. SMOOT. I wondered if the bill provided for it.

Mr. THOMAS. The amendment of the House simply strikes out those two lines on page 7.

Mr. SMOOT. I refer to the bill as it came from the House.

Mr. THOMAS. That is the only material change.

Mr. SMOOT. Will the whole expense of maintaining the park fall upon the Government?

Mr. THOMAS. I forgot to state in answer to the Senator's first question that the bill also provides that the expenditure shall be limited to \$10,000 annually, and it is not to be increased except by act of Congress. The elimination of the particular provision to which I refer was, of course, undesirable to the friends of the bill, but it was insisted upon by the House, and it was done, the reason there assigned being that all the funds obtained by concessions, charges for tolls, and so forth, in the park should go into the common fund.

Mr. SMOOT. I had made up my mind that I would oppose the establishment of any more parks where the Government of the United States was called upon to maintain them until after we had passed some kind of a bill creating a bureau to take care of all the parks, and we should find out what they really cost the Government and not have them appropriated for in five different appropriation bills.

Mr. THOMAS. I will state to the Senator it was suggested that this land be given to the State for a park of its own, to be cared for at its own expense. I readily accepted the suggestion, but I could not secure the approval of such a measure by the Interior Department.

Mr. SMOOT. I know the Senator could secure the approval of the Senate to such a proposition.

Mr. THOMAS. I am quite aware of that.

Mr. SMOOT. And of the Senate Committee on Public Lands.

Mr. THOMAS. I am quite aware of it.

Mr. SHAFROTH. But we could not introduce such a bill now and get it through at this session. I hope the Senator from Utah will not object to the consideration of this matter now.

Mr. THOMAS. In view of the fact that the Senator from Utah did not oppose the bill at the time it passed the Senate I hope he will not oppose it now.

Mr. GALLINGER. Will the Senator state the area of the proposed park?

Mr. THOMAS. It is about 230,000 acres. I should add that the area is already in a forest reserve.

Mr. SMOOT. I wish to say to the Senator and also to the Senate that I would gladly—

Mr. GALLINGER. I presume it is in a mountain region of the State?

Mr. THOMAS. Entirely; and good for no other purpose in the world.

Mr. SHAFROTH. It is about 18 square miles.

Mr. THOMAS. It has been prospected for a great many years and no mineral deposit has ever been found in all the area.

Mr. SMOOT. Continuing, I will say that I would gladly and willingly give all that land to the State of Colorado for a State park. There would not be a question in my mind about it; but there has been and is a question in my mind as to whether we ought to maintain control over the land and be at the expense of maintaining the park within the State. However, Mr. President, as the bill passed the Senate and passed the House, and is sent back here for the approval by the Senate of the House



amendments, I shall not object at this time, but I do not believe it is a good practice.

Mr. THOMAS. I thank the Senator from Utah.

Mr. JONES. I understand this bill has already passed the Senate and some minor amendments were made in the House. Is that correct?

Mr. THOMAS. Yes, sir.

Mr. JONES. What is the nature of the amendments made in the House?

Mr. THOMAS. One amendment eliminated from the bill as it passed the Senate a provision which devoted the proceeds in the way of concessions, toll charges, and so forth, to the improvement of the park. Another amendment limits the expenditure upon it to the sum of \$10,000 annually, unless any sum in excess of \$10,000 shall have been first expressly authorized by Congress.

Mr. JONES. What requests are likely to come to Congress for the improvement of this national park?

Mr. THOMAS. They may come from the department to the Senate or from those of us who represent the part of the country in which the park is located.

Mr. JONES. I am inclined to hope some requests will come for the improvement of the parks. We have a park in our State that ought to be improved and that we have been trying to get more liberal appropriations for than heretofore, but in the last year or two there seems to have developed some considerable opposition to appropriating money for parks.

Mr. THOMAS. I am in full accord with the suggestion of the Senator from Utah [Mr. Smoot], that there should be a bureau of national parks through which an arrangement would be made, with the consent and concurrence of Congress, for the preservation as well as the development of the parks.

Mr. JONES. I hope that will be done.

Mr. WILLIAMS. I ask the Senator from Colorado why it would not be better to let the State have the management of it.

Mr. THOMAS. We made an effort to do that, but I could not secure the consent of the Interior Department.

Mr. WILLIAMS. Why should we not surrender all the parks to the States, except the military parks, to be managed by the State?

Mr. THOMAS. I would be glad to have that done; and I will go further and say, if the Senator will support me, I will make the effort to do it.

Mr. JONES. I understood the Senator to say he could not get the consent of the Interior Department to do it.

Mr. THOMAS. That is right.

Mr. JONES. In other words, if Congress wants it, it must get the consent of the Interior Department.

Mr. THOMAS. It means that without such consent it would be hopeless in the House of Representatives.

Mr. JONES. I know the department has control of the matter. In the hope that this will help us in the future to get some appropriation for the developing of our parks that ought to be developed, I am not going to object.

Mr. THOMAS. I thank the Senator.

The PRESIDING OFFICER. The question is on concurring in the amendments of the House of Representatives.

The amendments were concurred in.

#### PUBLIC BUILDING AT GRAND JUNCTION, COLO.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 4012) to increase the limit of cost of the United States public building at Grand Junction, Colo., which was to strike out "\$200,000" and insert "\$175,000."

Mr. SHAFROTH. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

#### HOUSE BILLS REFERRED.

The following bills were severally read twice by their titles and referred to the Committee on Public Lands:

H. R. 15799. An act to provide for stock-raising homesteads, and for other purposes; and

H. R. 18550. An act empowering and directing the Secretary of the Treasury to convey by quitclaim deed certain lands in the city of Akron, State of Ohio.

H. R. 9584. An act to authorize the Secretary of the Treasury of the United States to sell the present old post office and the site thereof in the city of Jersey City, N. J., was read twice by its title and referred to the Committee on Public Buildings and Grounds.

H. R. 17765. An act to regulate details of majors in the Ordnance Department was read twice by its title and referred to the Committee on Military Affairs.

#### PETITIONS AND MEMORIALS.

Mr. KERN presented petitions of the Men's Society of the Lutheran Church of Union City, and of sundry citizens of Wayne and Wanatak, in the State of Indiana, praying for the enactment of legislation to prohibit the exportation of ammunition, etc., which were referred to the Committee on Foreign Relations.

He also presented a petition of the United Mine Workers of Duggers, Ind., praying for the enlargement of the Bureau of Mines, which was referred to the Committee on Mines and Mining.

He also presented memorials of the German Catholic Central Verein, of La Fayette and South Bend, Ind., remonstrating against the transmission of anti-Catholic publications through the mail, which were referred to the Committee on Post Offices and Post Roads.

Mr. McLEAN presented petitions of the Arion Singing Society, of Danbury; of the German-American Central Alliance, of Danbury; and of sundry citizens of Danbury, all in the State of Connecticut, praying for the enactment of legislation to prohibit the exportation of ammunition, etc., which were referred to the Committee on Foreign Relations.

He also presented a petition of St. Rose's Holy Name Society, of Meriden, Conn., praying for the exclusion of anti-Catholic publications from the mail, which was referred to the Committee on Post Offices and Post Roads.

He also presented a petition of the Court of Common Council of Meriden, Conn., praying for the enactment of legislation to grant pensions to civil-service employees, which was referred to the Committee on Civil Service and Retrenchment.

Mr. OLIVER presented a memorial of the Manufacturers' Club, of Philadelphia, Pa., praying for the adoption of certain amendments to the present tariff law, which was referred to the Committee on Finance.

He also presented petitions of sundry citizens of Millersville, Waymart, and Ellen Chapel, all in the State of Pennsylvania, praying for national prohibition, which were referred to the Committee on the Judiciary.

He also presented memorials of sundry citizens of Stoneboro, Pa., remonstrating against the enactment of legislation to increase the Army and Navy equipment, which were referred to the Committee on Military Affairs.

He also presented petitions of sundry citizens of Pennsylvania, praying for the enactment of legislation to prohibit the exportation of ammunition, which were referred to the Committee on Foreign Relations.

Mr. WARREN presented petitions of the Christian Union Club, of Kirtley, and of sundry citizens of Florence, in the State of Wyoming, praying for national prohibition, which were referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Worland, Wyo., praying for the enactment of legislation for the regulation of child labor, which was referred to the Committee on Education and Labor.

He also presented a petition of sundry citizens of Laramie, Wyo., praying for the enactment of legislation to enforce American neutrality, which was referred to the Committee on Foreign Relations.

Mr. GALLINGER presented the memorial of R. W. Lyon, of Newton, N. H., remonstrating against the enactment of legislation tending to restrict the freedom of the press, which was referred to the Committee on Post Offices and Post Roads.

He also presented petitions of Local Union No. 28, Boot and Shoe Workers' Union, of Manchester, and of Local Union No. 172, United Garment Workers of America, of Keene, in the State of New Hampshire, praying for the enactment of legislation to regulate interstate commerce in convict-made goods, which were ordered to lie on the table.

Mr. LIPPITT presented petitions of sundry citizens of Carolina, R. I., praying for national prohibition, which were referred to the Committee on the Judiciary.

#### INDIAN RESERVATIONS IN NEBRASKA.

Mr. CLAPP, from the Committee on Indian Affairs, to which was referred the bill (H. R. 9899) to authorize the laying out and opening of public roads on the Winnebago, Omaha, Ponca, and Santee Sioux Indian Reservations in Nebraska, reported it with an amendment and submitted a report (No. 919) thereon.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JAMES:

A bill (S. 7329) granting an increase of pension to Pleasant Thomas (with accompanying papers); to the Committee on Pensions.



By Mr. COLT:

A bill (S. 7330) granting an increase of pension to Mary E. Searle (with accompanying papers); to the Committee on Pensions.

By Mr. KENYON:

A bill (S. 7331) granting an increase of pension to Thomas M. Wall; and

A bill (S. 7332) granting an increase of pension to Hugh M. Cory; to the Committee on Pensions.

#### CLERKS OF DISTRICT COURTS.

Mr. COLT submitted an amendment intended to be proposed by him to the bill (H. R. 15578) to codify, revise, and amend the laws relating to the judiciary, which was referred to the Committee on the Judiciary and ordered to be printed.

#### AMENDMENT TO LEGISLATIVE, ETC., APPROPRIATION BILL.

Mr. LEA of Tennessee submitted an amendment providing that the Librarian of Congress shall hereafter, without additional compensation, perform the duties, except those of disbursing officer, required of the superintendent of the building of the Library of Congress as provided in the act approved February 19, 1897, etc., intended to be proposed by him to the legislative, etc., appropriation bill (H. R. 19909), which was referred to the Committee on Appropriations and ordered to be printed.

#### MISSOURI RIVER BRIDGE.

Mr. REED. I ask unanimous consent to call up the bill (H. R. 19424) to extend the time for the completion of the municipal bridge at St. Louis, Mo. This is a bill that is purely local in its character. Congress granted the right to build a bridge across the Mississippi at St. Louis and—

Mr. OVERMAN. There is no objection to it.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Missouri?

There being no objection, the bill was considered as in Committee of the Whole.

Mr. REED. I offer the following amendments. The language of the amendments are in the original grant, but the wording of the bill is not sufficient to cover it.

Mr. GALLINGER. I desire to make an inquiry. This is a House bill?

Mr. REED. It is a House bill.

Mr. GALLINGER. Has the bill ever gone to a committee of the Senate?

Mr. REED. Yes, sir.

Mr. GALLINGER. And it was reported back?

Mr. REED. It has been reported back and is now on the calendar.

Mr. GALLINGER. With amendments?

Mr. REED. The committee did not report the amendments. I did not call the attention of the committee to them.

Mr. GALLINGER. The Senator desires to offer them?

Mr. REED. Yes, sir.

The PRESIDING OFFICER. The amendments submitted by the Senator from Missouri will be read.

The SECRETARY. It is proposed to add as additional sections to the bill the following:

Sec. 2. That for the purpose of carrying into effect the objects of this act, the city of St. Louis may receive, purchase, and also acquire by lawful appropriation and condemnation in the States of Illinois and Missouri, upon making proper compensation, to be ascertained according to the laws of the State within which the same is located, real and personal property and rights of property, and may make any and every use of the same necessary and proper for the construction, maintenance, and operation of said bridge and approaches consistent with the laws of the United States and of said States, respectively.

Sec. 3. That the right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. SMOOT. I should like to ask the Senator from Missouri if we ever passed a bridge bill with such a provision in it?

Mr. REED. That was in the original act granting the right to construct the bridge, and it should be renewed when the time is extended.

Mr. SMOOT. I simply wanted to be sure of it.

Mr. REED. Yes; that is in the original act.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### PUBLIC BUILDING AT HONOLULU, HAWAII.

Mr. SWANSON. I ask the Chair to lay before the Senate the amendments of the House of Representatives to Senate bill 5295.

Mr. KERN. I yield to the Senator from Virginia for that purpose.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 5295) to amend existing legislation providing for the acquisition of a site and the construction of a building thereon for the accommodation of the post office, United States courts, custom-house, and other governmental offices at Honolulu, Territory of Hawaii, and for other purposes.

Mr. SWANSON. I move that the Senate disagree to the amendments and ask for a conference with the House on the disagreeing votes of the two Houses thereon, and that the conferees be appointed by the Chair.

The motion was agreed to; and the Presiding Officer appointed Mr. SWANSON, Mr. MARTINE of New Jersey, and Mr. WARREN conferees on the part of the Senate.

#### DISTRICT EXCISE BOARD.

Mr. MARTINE of New Jersey. Mr. President—

Mr. KERN. I yield to the Senator from New Jersey.

Mr. MARTINE of New Jersey. I desire to offer a resolution and to have it referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Jersey?

Mr. SMOOT. I am not going to object to this request, but I give notice that I shall object to the transaction of any other business.

Mr. HUGHES. What is the request of my colleague—that the resolution go to the calendar?

Mr. MARTINE of New Jersey. I ask that the resolution may go to the Committee to Audit and Control the Contingent Expenses of the Senate. It is the purpose to give the committee which was appointed by the Vice President to-day regarding the excise board authority to send for persons and papers, employ a stenographer, and so forth.

The resolution (S. Res. 522) was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

*Resolved*, That the special committee appointed by the President of the Senate to investigate the conduct of the excise board is hereby further authorized to investigate fully into the manner in which the excise law, so called, is being administered in the District of Columbia; and said committee is hereby authorized to send for persons and papers, to administer oaths, to compel the attendance of witnesses, to employ stenographers to report such hearings as may be had at a rate not to exceed \$1 per printed page, and to have the testimony and proceedings of such hearings printed for the use of the committee. The expense of such hearings shall be paid out of the contingent expenses of the Senate, upon vouchers to be approved by the chairman of the said special committee. The said committee is also authorized to sit during the sessions of the Senate.

#### RECESS.

Mr. KERN. I renew my motion.

The PRESIDING OFFICER. The Senator from Indiana moves that the Senate take a recess until to-morrow morning at 11 o'clock.

The motion was agreed to; and (at 6 o'clock and 16 minutes p. m., Tuesday, January 19, 1915) the Senate took a recess until to-morrow, Wednesday, January 20, 1915, at 11 o'clock a. m.

## HOUSE OF REPRESENTATIVES.

TUESDAY, January 19, 1915.

The House met at 11 o'clock a. m.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Infinite Spirit, Father Soul, out of whose loving heart come all that we see and hear and touch, for these we give Thee hearty thanks. But above all do we thank Thee for those hidden qualities of soul which are ever crystallizing themselves into righteousness, truth, justice, mercy, and love, which make the whole world akin. Grant, O most merciful Father, that we may strive earnestly to develop these values as individuals, as a nation, as a race, until they become the dominant feature of every heart under the spiritual leadership of the Master. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### PERSONAL PRIVILEGE.

Mr. LINDBERGH. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER. The gentleman will state it.

Mr. LINDBERGH. On January 7 there was a letter written by Henry B. Joy, a director of the Federal Reserve Bank of Chicago, addressed to Hon. F. A. Delano, vice governor of the Federal Reserve Board, Washington, D. C. In this letter are certain statements—

The SPEAKER. Was this letter published?